

ANC Says Pretoria Tried to Hijack Soviet Plane

By William Claiborne
Washington Post Service

JOHANNESBURG — The exiled African National Congress accused the South African police Friday of sending white undercover agents to hijack a Soviet airliner flying from Angola to Tanzania with 174 black nationalist guerrillas aboard and force it to fly to Johannesburg.

Two white South African men were said by Tanzanian officials to have been overpowered and disarmed by Soviet guards on the plane on May 18. A crew member was reported injured and one hijacker wounded by gunfire in the struggle.

Had the alleged hijacking succeeded, it would have resulted in the largest arrest of ANC guerrillas ever, and probably would have provoked an international uproar.

Details of the incident remain secret. The South African government has denied complicity, suggesting that ANC dissidents may have tried to hijack the plane because they wanted to return home.

Soviet Embassy officials in Dar es Salaam, Tanzania, have refused to comment, and the ANC head-

quarters in Lusaka, Zambia, had few details when contacted by telephone Friday.

However, Tom Sebina, a spokesman for the guerrilla movement, said South African police were responsible and that there was "a lot to suspect about" the whites who were arrested aboard the plane.

A 30-year-old South African, identified as Bradley Richard Stacey, was sentenced Thursday to 15 years' imprisonment in a court in Dar es Salaam after pleading guilty to charges that he took explosives, detonators and hand grenades aboard an Aeroflot Ilushin airliner traveling from Lusaka, Angola, to Dar es Salaam.

After clearing the courtroom of journalists and spectators, Judge Nasoro Mzavasa sentenced Mr. Stacey, who had a bandaged left arm, according to news agency reports from Tanzania.

Court officials were quoted by the news agencies in Dar es Salaam as saying that another South African who was in a Tanzanian military hospital faces similar charges and will appear in court on June 13. The South African has not been identified.

The Soviet airliner reportedly was ferrying ANC guerrillas from training bases in Angola that were shut as part of the Dec. 22 regional peace agreement between South Africa, Angola and Cuba. An estimated 7,000 ANC guerrillas in Angola are supposed to be moved to bases in Tanzania, Nigeria and Uganda as a result of the accord.

A spokesman in the South African police command in Pretoria, Captain R.A. Crewe, said he would not respond to "vaguely put allegations," but he denied that there was any official involvement in the incident.

The pro-government English-language Citizen newspaper, which frequently reflects the security police viewpoint, reported Friday that Mr. Stacey disappeared shortly after a fire in the Natal University library on March 21, 1986, and was believed to have joined the ANC.

When asked whether Mr. Stacey was a police undercover agent, Captain Crewe replied, "All we are prepared to say is that after the arson incident in 1986, we wanted to talk with him." He said Mr. Stacey apparently left the country. The Citizen, quoting security

sources, reported that the name Bradley Stacey was an alias used by a former reporter for the defunct Rand Daily Mail, Damian de Lange, when he was arrested in May 1983 at a farmhouse in Broderston, near Johannesburg, with three other whites suspected of terrorist activities.

Officials said the house was stocked with automatic rifles, explosives and an SA-7 anti-aircraft missile intended for use against a police helicopter at a fairground.

On several occasions in recent years, the ANC's elite training bases have been penetrated by white South African police agents posing as anti-apartheid activists. Some of them have been sent to the Soviet Union and East Bloc countries for advanced guerrilla training and have resurfaced in South Africa as senior security police officers.

The most recent case was Olivia Forsyth, a 28-year-old former student activist at Rhodes University in Grahamstown. Last year she walked into the British Embassy in Lusaka and said she had fled from an ANC camp in southern Angola after having been tortured and interrogated for suspicion of being a police infiltrator. Miss Forsyth is

now a major in the police security branch in Pretoria.

Another white police undercover agent, Craig Williamson, penetrated the ANC headquarters in Lusaka and was sent to the Soviet Union for advanced training before he resurfaced in South Africa and became one of the country's leading counterinsurgency experts. Mr. Williamson is now a member of the advisory President's Council, the white-controlled arbiter of state-mandated legislation in Parliament.

Blast Near Pretoria

A bomb explosion Friday damaged the home of the leader of the Indian chamber of Parliament, but the police said there were no injuries. The Associated Press reported from Pretoria. The police identified the bomb as a Soviet-made limpet mine.

Ebrahim Abrarjee, chairman of the House of Delegates, was visiting Britain with his wife, but his three sons and his 80-year-old mother were at the house when the bomb went off shortly after midnight. Mr. Abrarjee lives in Lendin, a township for Indians outside Pretoria.

Senate Links Canal Position to Noriega's Ouster

By Helen Dewar
Washington Post Service

WASHINGTON — The U.S. Senate has served notice that it will refuse to confirm appointment of a Panamanian administrator for the Panama Canal next year, a step toward turning the canal over to Panama, if the country remains under control of General Manuel Antonio Noriega.

The Senate ignored objections from leading Democrats as well as

reservations from the Bush administration in making the warning.

Although the warning came in a nonbinding "sense of the Senate" resolution that lacks the force of law, the blunt language — and the 53-to-31 vote by which it was adopted — underscored the political factor that is expected if General Noriega remains in power when a Panamanian is scheduled to be installed as canal administrator next January.

"The United States Senate does

not intend to turn over the Panama Canal to Panamanian control until Noriega is giving the boot he so richly deserves," said the minority leader, Bob Dole of Kansas.

In one of several steps leading to transfer of the canal to Panama by the end of 1999, the canal treaties provide that as of Jan. 1, 1990, a Panamanian national be chosen to replace the U.S. administrator of the canal.

The new administrator is to be proposed by Panama for appointment by the United States. Under legislation passed by Congress to put the treaties into effect, the appointment would have to be approved by the president and confirmed by the Senate.

The resolution adopted Thursday by the Senate as part of a catch-all supplemental appropriations bill for the rest of fiscal 1989 warns the president against forwarding the appointment of a new canal administrator to the Senate unless he can certify that the Panamanian government has been

"democratically elected" under constitutional requirements for civilian control of the military.

No one General Noriega would choose would be acceptable to the Senate, said Senator Dan Coats, Republican of Indiana, sponsor of the resolution.

The resolution does not "in any way" seek to abrogate the treaties, which were negotiated in 1977 and ratified in 1979, Mr. Coats said, but rather tries to lay out in advance what the Senate's verdict would be on a Noriega nominee.

But several Democratic senators, including Christopher J. Dodd of Connecticut, chairman of the Western Hemisphere subcommittee of the Senate Foreign Relations Committee, said the resolution played into the hands of General Noriega, who has argued that U.S. opposition to his continued rule is rooted in a desire to reneg on the treaties.

"If you want to help General Noriega, vote for this amendment," Mr. Dodd said.

Crash Is Blamed On Air France And the 2 Pilots

Agence France-Press

MULHOUSE, France — Air France and two of its pilots were responsible for an airliner crash near here that killed three persons and injured 50 last June, an official investigation concluded Friday.

The final report on the crash, which occurred during a low-altitude flight at an air show by a new Airbus A-320 filled with passengers, confirmed a preliminary finding. It said the crash was caused by a "succession of anomalies."

The investigators said it was "unacceptable" to carry passengers on low-altitude flights. They also blamed "insufficient instructions, inadequate preparation for the flight, negligence, imprudence and failure to observe regulations during the flight."

The captain, Michel Asseline, was dismissed after the accident. His pilot's license was suspended.

India Rejects Sri Lanka Deadline

Agence France-Press

NEW DELHI — India on Friday virtually rejected a Sri Lankan deadline for a total withdrawal of Indian troops from the island.

An External Affairs Ministry spokesman said a pullout of 45,000 Indian peacekeeping troops from Sri Lanka only could be decided by bilateral discussions. President Ramasinghe Premadasa of Sri Lan-

ka has called by a withdrawal of the forces by July 29.

"These things can't be decided by looking at calendars," he said. "They have to be decided through consultations with the Sri Lankan government and by taking into view the situation on the ground." New Delhi was "reality" puzzled," the spokesman added, by the proposal of a withdrawal date.

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WORLD BRIEFS

Christian Lebanese Ports Are Shelled

BEIRUT (Reuters) — Syrian and Lebanese Muslim gunmen fired shells into the sea around Christian-run ports on Friday, dampening hopes of an early end to the blockade of Lebanon's Christian enclave.

Security sources said 30 shells landed near the ports of Beirut, Jounieh and Byblos in the worst violation of a cease-fire since an Arab League meeting in Morocco last week appealed for peace in Lebanon.

On Thursday, the Christian commander, Major General Michel Aoun, said he was preparing for talks with the league committee of King Hassan II of Morocco, King Fahd of Saudi Arabia and President Chadli Bendjedid of Algeria. A rival Syrian-backed government headed by acting Prime Minister Salim Hoes also said it would meet the committee, which aims to end the 14-year civil war through convening parliament, which would elect a president and agree on political changes.

Israel Sees Influx of Argentine Jews

JERUSALEM (AP) — Israel's immigration minister said Friday the country was expecting a large influx of Jewish immigrants from Argentina and blamed their flight on fears of anti-Semitism under the government of President-elect Carlos Menem.

Rabbi Yitzhak Perez said increasing numbers of Argentine Jews have approached the Jewish Agency in Buenos Aires to ask about emigrating because of fears that the Peronist government of Mr. Menem, who is of Syrian descent, "is anti-Semitic." Mr. Perez did not elaborate.

Mozambique May Cut Army Advisers

MAPUTO, Mozambique (Reuters) — Mozambique is to cut the number of foreign military advisers in its armed forces by more than half and replace them with Mozambicans, the defense minister, General Alberto Chipande, was quoted on Friday as saying. The advisers are mainly from the Soviet Union, with others from Cuba, North Korea and East Germany.

The Maputo daily Noticias said General Chipande made the announcement to an armed forces conference in Maputo. He did not mention the nationalities of the advisers, the number to be cut or when they would be replaced. Britain is training Mozambican officers at a camp in Zimbabwe, but General Chipande appeared to rule out scaling down that program.

Sudan Air Attack Hits UN Food Aid

GENEVA (Reuters) — A Sudanese plane dropped 12 bombs on the town of Torit in the south where the United Nations has a food storage depot for emergency aid, a UN spokesman said Friday. The town is in the hands of the Sudanese People's Liberation Army.

James Grant, executive director of UNICEF, was reported to have protested to the government that the attack, in which three persons were wounded, threatened the safety of Operation Lifeline Sudan. This is a rush operation to get food into the remote region, which is suffering from the effects of civil war, before heavy rains start.

In Nairobi, the visiting Sudanese foreign minister, Siddiq Hussain, said that his government had not sanctioned the bombing and said he hoped it was "an isolated incident."

Peru Guerrillas Kill Leading Writer

LIMA (AP) — Leftist guerrillas have killed Peru's leading environmental writer and a government agronomist after stopping their government-owned truck on a mountain road.

Guerrillas of the Shining Path movement, a Maoist insurgency, killed a journalist, Barbara D'Amico, and an agronomist, Esteban Bohorquez, on Thursday in a highland region 150 miles (240 kilometers) southeast of Lima, reported El Comercio, the newspaper for which the journalist worked. The gunmen spared the driver and another passenger but blew up the truck, according to the report.

Paris Bars Sale to Iraqis, Paper Says

PARIS (AP) — The government has refused to approve negotiations with Iraq on a 22 billion franc (\$3.3 billion) sale of Mirage 2000 fighters because Iraq owes France so much money, the daily Le Monde reported Friday, citing a secret report.

The daily quoted a secret Finance Ministry report as saying taxpayers-guaranteed sales to Iraq and other heavily indebted countries would be "the worst solution to the problems" at Avions Marcel Dassault-Breguet Aviation, the state-controlled military aircraft maker. Le Monde reported Thursday that Iraq had refused to pay installments due on what the newspaper said was more than \$25 billion in debt backed by the French export-insurance agency.

At a military exhibition in Baghdad in late April, Iraqi officials said they were negotiating with Dassault to build about 50 Mirage 2000 fighters under license. The statements were widely reported in France, and drew no comment then from Dassault.

U.S. to Restudy Nuclear Dump Risk

WASHINGTON — The Department of Energy said Friday it was reconsidering the possibility of a geological fault near its bomb-testing site in Nevada. If confirmed, the fault could rule out plans for building the nation's only nuclear waste dump there.

The department, which previously had concluded there was no such fault, sent a team of scientists to Nevada last month to review existing data on the question.

The review was prompted by the Nuclear Regulatory Commission, which raised questions about the department's decision to dismiss a 1982 study that reported the possible fault. The dump was intended to entomb 70,000 tons of waste from nuclear reactors and weapons plants.

For the Record

Nigerian police have arrested 1,500 people following Wednesday's riots over economic austerity measures in which 10 persons died, official sources said Friday in Lagos. The protests, which have spread across southern Nigeria, began with a campaign by students.

TRAVEL UPDATE

Public Worker Strike Disrupts Spain

MADRID (APF) — Hundreds of thousands of workers in the Spanish public sector struck Friday to protest government economic policies, causing major upsets in the railroads, communications, ports and factories, union sources said.

The strike was called by the two main unions, the Socialist-led General Union of Workers and the Communist-led Workers' Commissions, as part of a continuing effort aimed also at pushing through union contracts after negotiations with the government broke down last year.

Cathay Pacific Airways and Air Mauritius will start a joint weekly nonstop service between Hong Kong and the Indian Ocean island Oct. 29. It will leave Mauritius on Sundays and return Mondays. (Reuters)

WEATHER

EUROPE				ASIA			
	HIGH	LOW	PRECIP.		HIGH	LOW	PRECIP.
Algeria	68	48	0	Bangkok	88	78	0
Amsterdam	62	42	0	Beijing	82	62	0
Antwerp	62	42	0	Bombay	82	62	0
Athens	68	48	0	Buenos Aires	82	62	0
Bahia	68	48	0	Calcutta	82	62	0
Bombay	82	62	0	Cairo	82	62	0
Buenos Aires	82	62	0	Chongqing	82	62	0
Calcutta	82	62	0	Dacca	82	62	0
Cairo	82	62	0	Delhi	82	62	0
Chongqing	82	62	0	Hankow	82	62	0
Dacca	82	62	0	Harbin	82	62	0
Delhi	82	62	0	Hong Kong	82	62	0
Hankow	82	62	0	Kobe	82	62	0
Harbin	82	62	0	London	62	42	0
Hong Kong	82	62	0	Lyons	62	42	0
Kobe	82	62	0	Manila	82	62	0
London	62	42	0	Medan	82	62	0
Lyons	62	42	0	Montevideo	82	62	0
Manila	82	62	0	Moscow	82	62	0
Medan	82	62	0	Nairobi	82	62	0
Montevideo	82	62	0	Rangoon	82	62	0
Moscow	82	62	0	Seoul	82	62	0
Nairobi	82	62	0	Singapore	82	62	0
Rangoon	82	62	0	Taipei	82	62	0
Seoul	82	62	0	Tokyo	82	62	0
Singapore	82	62	0				
Taipei	82	62	0				
Tokyo	82	62	0				

SATURDAY'S FORECAST — CHAMBERLAIN: SUNNY, FRANKFURT: CLOUDY, TEMP. 18-24 (M-F); LONDON: OVERCAST, TEMP. 18-24 (M-F); MADRID: CLOUDY, TEMP. 18-24 (M-F); NEW YORK: PARTLY CLOUDY, TEMP. 68-78 (M-F); PARIS: CLOUDY, TEMP. 18-24 (M-F); ROME: PARTLY CLOUDY, TEMP. 18-24 (M-F); SAN FRANCISCO: CLOUDY, TEMP. 18-24 (M-F); SEATTLE: CLOUDY, TEMP. 18-24 (M-F); SINGAPORE: SUNNY, TEMP. 28-34 (M-F); TOKYO: PARTLY CLOUDY, TEMP. 18-24 (M-F).

AMERICAN
TOPICSCommander's Case
For Hamburger Hill

In 1969, U.S. and South Vietnamese troops suffered hundreds of casualties in seizing Hamburger Hill, only to abandon it a few days later — or so the story goes, despite denials by the U.S. military. The battle is still "cited by people who weren't there as an example of military incompetence and the futility of using conventional tactics against a guerrilla enemy," writes Colonel Joseph B. Conroy.

Colonel Conroy commanded the 3d Brigade of the 101st Airborne Division, the chief U.S. assault unit in the battle. In a letter to The Washington Post, he says that "it would be unfair to let the families of the dead believe that their loved ones were killed in a senseless operation."

Hamburger Hill dominated the Ashau Valley, a major North Vietnamese marshaling area. "We did not take the hill only to abandon it," Colonel Conroy writes. "It was used continuously as a landing zone after the battle, although nothing was to be gained by sitting on a barren hilltop. The 3d Brigade stayed in the Ashau for months."

"We and our successors controlled the area until ordered out of Vietnam three years later," he continues, and "by any standard in a limited war, the battle was a success. It probably saved thousands of American and South Vietnamese lives." Subsequent criticism "was generated state-side by politicians and members of the press who wanted the war to end but seemed to have no real solution for ending it."

Short Takes

The Federal Aviation Administration has turned down a petition to permit pilots to fly airliners after age 60, but the agency said it would finance a study of pilot age and accident rates and indicated it might be willing to certify individual pilots over 60 if a way can be found to measure their capacities. The longest-standing issue drew renewed interest after David Cronin, 59, guided a United Airlines Boeing 747 to a safe landing Feb. 24 after part of its fuselage blew off, killing nine persons.

Americans have loved peanut butter since it was invented 99 years ago. Today that love has become an obsession, attributed largely to peanut butter's reputa-



ER OR... O-R? — Scott Isaac, 14, of Colorado, after winning the 62d National Spelling Bee in Washington. Having bested 220 other contestants, he beat his final opponent when he was able to spell "spoliator," a word that means one who plunders or despoils, after hesitating on the final syllable.

tion as a health food. In the eight months since last August, Americans have consumed a record 575 million pounds (260 million kilograms) of peanut butter, up a remarkable 18 percent from a year earlier, and enough, the Los Angeles Times notes, "to make more than 8 billion average-size sandwiches, with enough left over to spread on a few million saltines." Although peanut butter is high in fats, it has no cholesterol and plenty of protein, vitamins and minerals.

David W. Devin, a career Foreign Service officer who began serving a six-month sentence last month for evading import duties on gold valued at \$173,800, is still on the federal payroll. Sources said the Foreign Service Grievance Board blocked an attempt by the Agency for International Development to cut off Mr. Devin's \$63,433 salary. Un-

der a 1980 law, Foreign Service officers may not be dismissed without first having a hearing before the board. This can take months. Salary cannot be withheld until the hearing is over. Thus, the 4,000 members of the Foreign Service have a protection that would prevent the Soviet Union from withdrawing the weapons and massing them behind the Urals where they could be used for a possible attack.

But the plan to destroy equipment has led to worries among some members of Congress that the United States might be destroying modern tanks and aircraft even as the Pentagon asked for money to build weapons.

Some conservative members of Congress also raised concerns that Mr. Bush's proposal might restrict British and French "dual capable" planes that can carry nuclear as well as conventional weapons.

But Pentagon officials sought to assuage such concerns in testimony Thursday before the Senate Armed Services Committee on Mr. Bush's proposals.

"We do not intend to or propose

Arthur Higbee

Cheney Foresees Lighter Military Forces

By George C. Wilson
and R. Jeffrey Smith
Washington Post Service

WASHINGTON — Defense Secretary Dick Cheney says he believes that President George Bush's disarmament proposals could lead to a restructuring of the U.S. military, with an emphasis on smaller, lighter forces, but he has warned Congress against trying to do so itself.

Mr. Cheney said that if the North Atlantic Treaty Organization and the Warsaw Pact negotiated Mr. Bush's proposed balance in conventional forces, the U.S. force structure could evolve away from its current stance: readiness to go to war on short warning against Warsaw Pact heavy armored divisions invading West Germany.

If U.S. and Soviet forces in Europe are limited to Mr. Bush's proposed 275,000 troops each, and East-West warplane strength is cut sharply, Mr. Cheney said Thurs-

day, "a raft" of questions will be forced upon the U.S. military. He emphasized that an evolution — but not a revolution — in military doctrine and armament could then occur.

He said he had been struck by how heavy the U.S. Army had become on the assumption it must take on heavy Warsaw Pact forces, and he cited as examples the 62-ton Abrams M-1 tank and the sophisticated Apache anti-tank helicopter. A major question, Mr. Cheney said, is whether the future army should be lighter so it could be deployed more easily to distant trouble spots with less sophisticated weapons.

He said, for example, that in the U.S. escort operation of Kuwait and U.S. merchant ships in the Gulf, the high-tech Apache was not sent because it was too difficult to maintain. Referring to small armed scout helicopters that army pilots flew over the Gulf, Mr. Cheney said, "You end up taking the little

birds out of Fort Bragg and they do a helluva job for you."

Military planners note that the increased warning time gained if U.S. and Soviet forces in Europe were of equal size could do away with the need to send U.S. reinforcements to West Germany within 10 days. Under current war plans, the United States would send 10 divisions to Europe within 10 days. There are four and two-thirds U.S. divisions in Europe now.

Mr. Cheney said that one of his main concerns was that Congress would move too quickly to restructure the military to save money. "One of the things you don't want to do is promote instability" by cutting forces or reducing weaponry too quickly, he said. "It must be a careful, orderly process within the alliance."

Mr. Cheney, a former deputy minority leader in the House of Representatives, said he had met with his former House colleagues on

Thursday and sensed that they were eager to oust Mr. Bush in making cuts.

"I hope we won't get to a situation," Mr. Cheney said, where the lawmakers say, "O.K., Mr. President, you recommended 30,000 troops be pulled out of Europe. 'We can do 60,000 or 120,000.'"

"Maybe eventually we can talk about those numbers, but not now."

Asked about the demand by Edward A. Shevardnadze, the Soviet foreign minister, that British and French troops also be withdrawn from West Germany, Mr. Cheney said, "We do not believe the British or the French forces are destabilizing." He said they are there by invitation and could not be considered offensive forces.

Pentagon Says Only Old Equipment
Will Be Destroyed Under Bush Plan

By Michael R. Gordon
New York Times Service

WASHINGTON — Senior Pentagon officials say that the United States will take steps to ensure that only old American equipment is destroyed under the conventional forces proposals made in Europe by President George Bush.

They also said Mr. Bush's timetable of completing an agreement within 12 months was a goal and not a deadline.

In unveiling new arms proposals at the NATO summit meeting, Mr. Bush said all weapons withdrawn from Europe would be destroyed under a new arms treaty.

The destruction of the equipment, Bush administration officials say, would prevent the Soviet Union from withdrawing the weapons and massing them behind the Urals where they could be used for a possible attack.

But the plan to destroy equipment has led to worries among some members of Congress that the United States might be destroying modern tanks and aircraft even as the Pentagon asked for money to build weapons.

Some conservative members of Congress also raised concerns that Mr. Bush's proposal might restrict British and French "dual capable" planes that can carry nuclear as well as conventional weapons.

But Pentagon officials sought to assuage such concerns in testimony Thursday before the Senate Armed Services Committee on Mr. Bush's proposals.

"We do not intend to or propose

to get ourselves in a position where we have to destroy new equipment," said General Robert T. Herres, the deputy chairman of the Joint Chiefs of Staff.

Administration officials said there were a number of ways to protect the U.S. military from cutting its most modern weapons.

Reductions could be carefully distributed among NATO members so that the oldest weapons in the Western alliance were singled out as prime candidates for destruction.

If necessary, the United States could bring some of its newest weapons home and replace them with older systems, administration officials said. Or the United States could swap equipment with a NATO ally with older systems.

"I don't think we're going to need to withdraw F-15s or F-16s," General Herres said. He added that the West should be able to protect the British and French bomber forces.

Administration officials said the United States also expects the Soviet Union to take steps to isolate its newest equipment from cuts while cutting older systems.

But they noted that the Soviet bloc would be required to undertake the brunt of the weapons cuts under a new conventional arms agreement.

Senator Sam Nunn, Democrat of Georgia, who is chairman of the Senate Armed Services Committee, warmly endorsed Mr. Bush's proposal, but said the president's suggestion to limit American and Soviet forces to 275,000 troops should not exclude the possibility of further U.S. troop reductions.

Paul D. Wolfowitz, undersecretary of defense for policy, said Mr. Bush's troop proposal was not intended as a guarantee that the United States would always maintain that number of forces. He said Mr. Bush's timetable of negotiating an agreement within 12 months was a goal and not a deadline.

Tehran's Troops Hold War Games

Reuters

NICOSIA — Troops backed by fighter-bombers and helicopter gunships carried out Iran's biggest land-based war games on Friday since the cease-fire in the Gulf war in August.

The maneuvers began a day after the Iranian president, Ali Khamenei, said that Iraq's refusal to withdraw its forces from pockets of Iranian border territory jeopard-

ized the cease-fire. Iran has accused Iraq of bad faith in peace negotiations that have made little headway in more than nine months.

Tehran radio said units of the Revolutionary Guards smashed through three lines of "enemy" positions during the exercises in southern Iran. Troops crossed mine fields and barbed wire and a mass tank assault followed.

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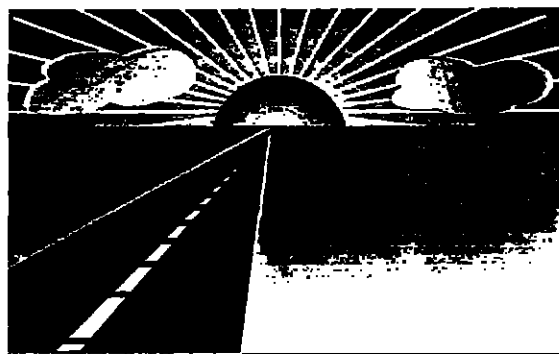
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INTERNATIONAL Herald Tribune

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South Asian Bombs

Prime Minister Benazir Bhutto arrives on Tuesday for a five-day visit at a critical time in U.S.-Pakistan relations. Her efforts to reassert democratic civilian control over political and foreign policy questions, including the war in Afghanistan, deserve the strongest U.S. support. Yet foreign aid programs are jeopardized by Pakistan's determination to develop nuclear weapons.

Pakistan has every reason to be concerned about the efforts of its traditional rival, India, to develop thermonuclear weapons and India's earlier test of a new 1,500-mile-range missile. The CIA director, William Webster, reported to Congress on May 18 on both the Indian and Pakistani programs. Unless Washington simultaneously presses for Indian restraint, it has little realistic chance of heading off the nearly completed Pakistani bomb.

The prickly nuclear issue aside, Miss Bhutto arrives at a time of useful reflection about Afghanistan. Washington and Islamabad long assumed that once the Soviet Union withdrew its troops, the Afghan resistance would quickly overwhelm an unpopular, Moscow-backed regime in Kabul. The troops left on Feb. 15 and Afghan guerrillas have failed to take even a provincial city like Jalalabad, despite Pakistan's guidance and American arms.

Miss Bhutto's recent statements suggest that she may now be ready to explore what her predecessor, Zia-ul-Haq, rejected—the possibility of a political settlement to the war. That collides with Washington's policy

of continuing to arm the Afghan resistance and of rebuffing Soviet proposals for a mutual cutoff of weapons aid. The U.S. view might be more persuasive if there were some prospect of military success or political unity on the part of resistance factions.

Mr. Bush would do well to hear Miss Bhutto's advice on an Afghan political settlement—and recognize that she will have to tread delicately with a military unused to elected control. It attests to her increasing confidence that before leaving for Washington she has dismissed the chief of military intelligence, Lieutenant General Hamid Gul, who for years channeled aid to fundamentalist Afghan factions favored by General Zia.

This could be a watershed for Miss Bhutto and the modernizing cause she represents in the Islamic world. Washington can help with a vote of confidence for a remarkable woman who bolsters so many stereotypes about Islam. This can be backed up meaningfully by learning hard on India. It is hard to fathom why India should want to what Pakistan's nuclear appetites by lavishing scarce resources and talent on a weapon that its generals insist will never be used. Washington could play a useful go-between role by pressing for mutual forbearance.

India wants more American technology and trade, while Pakistan expects Congress to approve the Bush administration's request for \$621 million in military and economic aid. Both responses would best be made contingent on nuclear restraint.

—THE NEW YORK TIMES

Not Only Argentina

Argentina, in the aftermath of its election, is sliding into chaos. The soaring inflation is spreading panic among people who see their incomes vanishing, and they have turned to looting grocery stores. The government is responding with armed police but beyond that seems to have little control over the course of events. Under its highly peculiar schedule for transition, the newly elected president, Carlos Saul Menem, is not to take office until December. That would leave the country under the outgoing president, Raúl Alfonsín, the longest of dukes, for more than six months. That prospect itself, along with its promise of prolonged stalemate, has a lot to do with the acceleration of inflation.

Whose fault is this breakdown in a country that was once rich and confident? Some of it is owed to Mr. Alfonsín's inability, or unwillingness, to move quickly earlier in his term to undertake the kinds of economic reforms that could have brought him more help from abroad. But it is also worth asking whether there was not more that Argentina's friends abroad, including those in Washington, might have done to help and support a new and uncertain democracy.

That question is not easily answered.

Argentina has done less to help itself than most of Latin America's debtor countries have done. It is the extreme case: proud, resistant to advice, absorbed in its internal tensions. But Argentina is not alone.

Brazil is in serious trouble as well, under a similarly weak government, with an inflation rate still far lower than Argentina's but now up to 10 percent a month. Venezuela is a richer country than either, but riots over rising prices have recently broken out there, too. Mexico has strong leadership, but the financial strains there are rising.

These are all countries of great importance to the United States. Economic growth and democratic stability, especially in Mexico, are among its vital interests. The Brady plan for the relief of the Latin debtors seems to be losing momentum, an ominous development. Not only at the Treasury but at the State Department and the White House people need to ask whether U.S. foreign policy in Latin America is going to continue to be left to the commercial banks that are the creditors. It is time for the United States to begin to think more carefully and more actively about the support it can offer to Latin America's beleaguered democracies.

—THE WASHINGTON POST

Other Comment

China's Revolt Isn't Over

There is no way that a group of old men and political conservatives will be able to easily stop the march of this country along a social-modernization path like that already traveled by most in the region. Increasing social contact with the West, a growing desire to emulate the ways of the outside world, rising expectations and resurgent perceptions of Chinese dignity and worth make evolution in a direction set by the rest of mainstream Asia seem almost inevitable. While China's international image has been shattered by Beijing's feudalistic treatment of modern problems and there is sure to be a sharp contraction in China's economic growth, the long-term prospect may still be for economic reform and modernization regardless of who sits in the government chair. The economy will still have to be run, and with 14 million new entrants to the work force each year, economic growth will remain an imperative.

—The Australian Financial Review (Sydney).

The conservatives have shown that "gerontocracy" is still very much alive in China despite the economic reform over the past decade. But to calm the masses, the Communist Party will have to gradually carry out political reform to keep it more in tune with the people's expectations.

—Lian He Zhaobao (Singapore).

The picture that is emerging from Beijing is one of a fragmented leadership and a student movement that seems to be wavering in its determination to continue its struggle for more democracy. With that backdrop, if the Chinese military can manage to maintain a semblance of cohesion with a common political goal, they might emerge from the present confusion as a dominant factor in China's politics. But if the military is also fragmented along the lines of the government and party leadership, we could expect a prolonged period of political struggle in China.

—The Jakarta Post.

Bush Demonstrates Vision

The image of George Bush as a president lacking vision for development of the peace and disarmament process in Europe must be corrected. In an almost astonishing manner, Mr. Bush succeeded in averting painful failure at the summit. He has restored unity

within NATO and has shown himself as the leader of the Western alliance.

—De Volkskrant (Amsterdam).

The criticism of the U.S. president has somehow been unfair. George Bush, as one knows, never was a man of bold visionary proposals. He is a pragmatist through and through, reacting rather than initiating policies. Mr. Bush's strength resides in that last point. He knows how to wait, and when he reacts he is usually well prepared.

—Basler Zeitung (Basel, Switzerland).

Making the Tourists Behave

Growing numbers of affluent Americans with leisure time are trekking to every corner of the earth on nature and adventure tours, from the far corners of Alaska to Antarctica and from the jungles of the Amazon to the Himalayas. Too often they harass the rare animals they go to see, trample the plants and leave their trash behind. The damage is done primarily out of ignorance and thoughtlessness. For whatever reason, the negligence puts stress on special places and diminishes the experience of those to follow. The National Audubon Society is to be commended for adopting a code of environmental ethics for its travel programs. Every other wilderness or natural history tour program should accept Audubon's invitation and adopt the code as well. Provisions include protection of fragile habitats visited, maintenance of respectful distances from all forms of wildlife and proper disposal of all waste. Every trip must be led by experienced and responsible guides and naturalists. There will be no purchase or taking of souvenirs of threatened species, including ivory from any source, all sea turtle products, most reptile skins and leathers, coral and furs.

The Audubon statement recognizes the inherent conflict between tourist development and the environment. Most of the nations visited will not discourage tourism, because of the dollars to be earned. Tour promoters are proliferating. By insisting on environmental respect and protection, the Audubon Society believes that natural areas can be visited and appreciated and still be preserved. Public awareness will help spread the conservation ethic. The society will not do business with tour operators who will not subscribe to its new code. Nor should any other responsible organization.

—Los Angeles Times.

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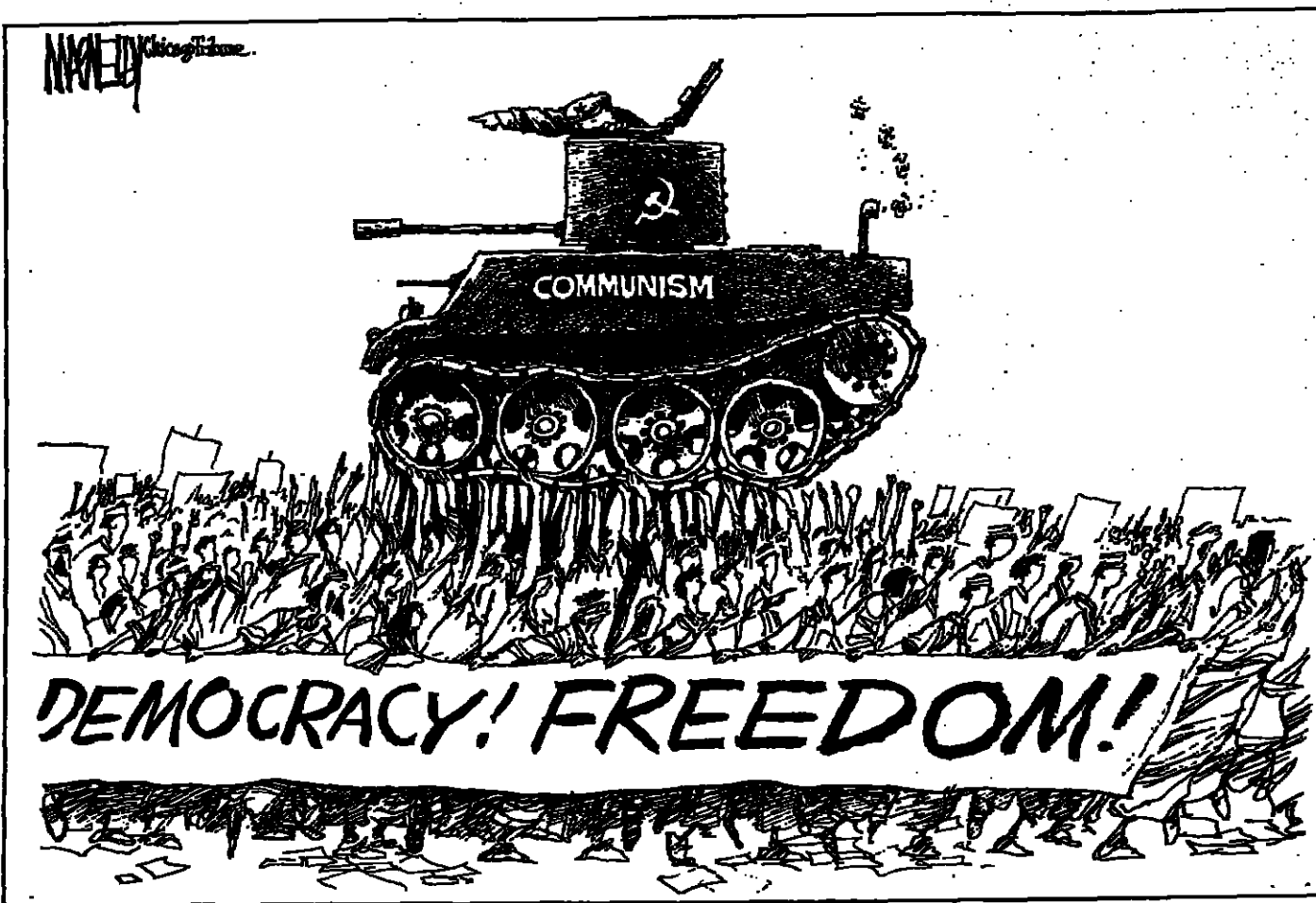
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OPINION



The Cold War Ends When Eastern Europe Is Free

By Jeanne Kirkpatrick

WASHINGTON — Criticized for lack of vision and purpose in his foreign policy, George Bush delighted allies when he finally defined his approach as "moving beyond containment to seek to integrate the Soviets into the community of nations, to help them share the rewards of international cooperation."

In case anyone missed the point, a National Security Council aide elaborated. The president's doctrine is "to radical conceptual departure for American policy in the postwar period toward the Soviet Union."

Mr. Bush and his lieutenants think they are taking a position unprecedented since World War II, moving not only beyond containment but beyond the "cycles of conflict and cooperation" that have characterized U.S.-Soviet relations and toward permanent integration of the Soviet Union into the international system.

These views clearly place the president among those who believe that the Cold War is either over or about to be over, and among those who believe that internal reforms in the Soviet Union have so transformed that government that Soviet rulers will prove willing to forgo dreams and policies of expansion to join in preserving a stable international order.

The search for a stable world order has been a principal goal of U.S. policy since World War II. Initially, the United States believed that the United Nations could stabilize relations among countries. The Cold War developed when the Soviet Union showed itself more interested in expanding its power than in living within the rules of the UN charter. That preference led Stalin to consolidate Soviet power in Eastern Europe, to support a coup in Czechoslovakia, and eventually to divide Europe. The Truman doctrine, the Marshall Plan and U.S. rearmament followed. NATO and the Warsaw Pact institutionalized the Cold War relations between East and West.

It is altogether natural that discussions of arms reductions by NATO and the Warsaw Pact should accompany a widespread feeling that the Cold War is finally over. But it is much too soon to know whether this optimistic analysis will turn out to be true. Mr. Bush and such close advisers as Brent Scowcroft, Larry Eagleburger and Bob Gates are fully aware that there have been other times when "enemies seemed less inimical and allies less allied," when "economic agreements with adversaries began to take

shape while economic disputes with allies became acute," as the brilliant French intellectual Raymond Aron once described the situation. These men know, too, that the earlier period of détente was followed by years of unparalleled global Soviet expansion.

It is true that Mikhail Gorbachev's reforms have already been more sweeping than those of Nikita Khrushchev and that these reforms are political as well as economic. It is also true that the problems in Soviet society are more serious today than at any time since World War II.

It is these trends in internal affairs that make even seasoned observers like Mr. Bush sanguine about the likely course of Soviet development. But realists must also face the fact that "new thinking" in Soviet foreign policy has been far less impressive than "new thinking" about domestic affairs. Writing in Foreign Affairs, the Sovietologist Michael Mandelbaum noted: "The threat of Soviet aggression against Western Europe is credible because it has already taken place—and continues to the present—against Eastern Europe. Ending the Cold War requires ending the Soviet threat to Western Europe,

which requires ending Soviet subjugation of Eastern Europe, which means allowing the people of that part of the world to decide freely how to govern themselves."

The Cold War developed in response to the use of Soviet troops to deny self-determination to Eastern Europe. It will be over when the Soviet government renounces the use of force to impose governments and foreign policies of its own choosing on other European states. Until then, neither the United States nor Western Europe can prudently move very far "beyond containment."

The current challenge was almost perfectly described by the late Mr. Aron, who said: "Are the West European states able and willing to establish closer ties with the other half of the old continent while remaining an integral part of the transatlantic Atlantic society? Undoubtedly they are. Can they have and do they want a Europe unified from the Atlantic to the Urals? Most certainly not. Politically, a Europe of this kind, without the United States and with the Soviet Union, would lead to what may be called a 'Finlandization of Europe.'"

It is worth recalling that Raymond Aron wrote that paragraph in 1973.

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Wright: Lionel's Umbrella Gave the Show Away

By Joe Murray

LUFKIN, Texas — I tried as best I could to watch of Jim Wright on TV going on for an hour or more, preaching and whining, before he finally got around to saying what everybody has been wanting to hear.

Now that he's quitting, I guess we'll end up feeling sorry for him. Already I'm having a hard time remembering the details of what all it was that got him in trouble in the first place.

There were, all told, 69 alleged violations of House rules as cited by the House ethics committee, and possibly scores of other accusations that would have been brought up had Jim Wright chosen to stay and fight.

Anyway, it'd take longer for me to list them than it did for him to deny them. But in a word, it was money. That and umbrellas.

There he had been on television, one particular

day several weeks ago, walking out to his car in front of his house during a light rain, his black chauffeur right behind him dutifully holding an umbrella over his head. That told me more about Jim Wright than any House ethics committee report ever could. The umbrella was like unto a sign board that carried the Scarlet "A" emblem zoned across it: Arrogance.

Never mind that he had his arms full, carrying some parcels and satchels, maybe stuffed full of money for all I know. But he's a male, it wasn't like he would have melted.

That chauffeur's name, I found out, is Lionel. Actually, I think Jim Wright needed Lionel. But he had him in the wrong job. Lionel shouldn't

have been driving him. Lionel should have been riding with him in the seat right beside him.

That's the way it was in ancient Rome. Whenever a conquering general would return for a hero's welcome, he'd station an extra fellow standing next to him in the chariot as he paraded himself and his legions through the streets of Rome, waving to the cheering crowds.

The passenger, a hired philosopher who on occasion may have been named Lionel, was always at the general's ear, whispering this reminder, over and over: "You are but a mortal. You are but a mortal. You are but a mortal."

In Jim Wright's case, though, he would have done well to have added: "The rain falls on the just and on the unjust alike. Here, hold your own damn umbrella."

Cox News Service.

Now Bush Will Have to Ride the Gorbachev Wave

By David S. Broder

LONDON — There is relief and rejoicing that George Bush has come out of the NATO summit meeting in Brussels so well. Major challenges ahead as the alliance gears its U-turn in strategy and seeks to redefine its own future role, but the first test for the new chief executive has been met, and met well.

For all the pressing they do for their own constituents, the officials of the European governments understand, as one British diplomat said, that "if the West is to be led, the president must lead it."

Pro-Brexit, Mr. Bush's capacity to provide that leadership was doubted by many. They saw him looking tentative, reactive and defensive, not only in his dealings with the skillful Mikhail Gorbachev but also in his efforts to tame the unruly tyrant in Panama and to extract a degree of deference from the Democratic Congress.

That is why everyone welcomed his stance of the initiative in Brussels in setting forth a new bargaining strategy on conventional arms cuts and negotiating the bitter intra-alliance dispute over short-range nuclear weapons.

Taken together with his action in

naming Japan as one of the countries subject to severe sanctions under the new law, the Brussels breakthrough gives clear signal that Mr. Bush is prepared to tackle some of the largest economic, military and diplomatic tests on the horizon.

Instead of retreating from Japan's mercantilist policies, he is challenging them. Rather than be dragged reluctantly by the Europeans into dealing with Russia's diplomatic offensive, he is pushing the pace of negotiations. In both Asia and Europe, he has staked out positions which give America leverage over critical global decisions.

His achievement is reminiscent of the breakthrough performance at last August's Republican convention in New Orleans, when he took command of his party and set forth the themes of his successful election campaign. That, too, followed a period of seeming passivity, after he had defeated his rivals in the winter primaries. The nervous murmurs from Republican politicians then were very much like the mutterings among America's allies before Brussels.

Someone smarter than I am will have to explain Mr. Bush's cycle of alternating between leniency and as-seriousness. For now, it is simply welcome news that he rose to the occasion — once again.

But just as governing has proved harder than campaigning, so the follow-up to Brussels will be a stiffer test of Mr. Bush's leadership than cobbling together a NATO communiqué.

What we are seeing in NATO — what Bush has now given his stamp of approval — is the transformation of a military alliance focused on improving its battlefield strength into a diplomatic consortium bent on extracting the best possible disarmament deal from the Soviets. That is a tidal change.

Already the outlines of new problems are beginning to emerge. Although the NATO communiqué emphasized that the Western goal is only "partial" removal of short-range nuclear weapons, the movement toward a denuclearized Europe is gaining momentum. Mr. Gorbachev will undoubtedly give it further impetus on his upcoming visit to West Germany.

The fewer nuclear weapons, the greater the reliance on ground forces. And increasingly those will be German troops. Mr. Bush has promised to cut U.S. combat strength in NATO by 20 percent if the Soviets make much larger reductions on their side. Britain, which has the second largest offshore contingent, will face increasing budgetary and political pressure to slice its battalions.

As West Germany fills an increasing role in what remains of the NATO defense forces, its voice will become more dominant in the alliance's military and diplomatic decisions, just as its financial strength already gives it the seat at the head of European Community economic affairs.

Because of its history and location, the Federal Republic looks east as well as west. Already Mr. Bush has agreed to loosen some economic sanctions against the Soviet Union and its respective satellites. As time goes on, pressure from Europe for changing the remaining security restrictions on trade with the East can only increase.

In the end, what this means is that the United States, to maintain a leadership role in a diminished NATO, will almost certainly find itself betting more and more heavily that Mr. Gorbachev means what he says.

Betting on Mr. Gorbachev is betting on a man who is riding a whirlwind of his own creation. The rising voices of dissent in Moscow remind us of the point that Mr. Gorbachev saw dramatized in Beijing: Once repression is eased and "reform" begins, events can overthrow those who instigated the process — or force them to try to reverse it.

The policy of caution toward Mr. Gorbachev that Margaret Thatcher urged on Mr. Bush and that he first seemed inclined to accept has been swept aside by European — especially German — enthusiasm to test the Gorbachev promises. Mr. Bush has been adept in getting off in front of the wave. Riding the wave to a safe shore will be tougher.

The Washington Post.

100, 75 AND 50 YEARS AGO

1889: Calais Port Feted

CALAIS — Calais is, and will be for some time to come, in the throes of ecstatic bliss. They are giving birth to a brand new port, built of huge blocks of greyish granite, which has taken ten years to build, has cost some fifty million francs, and is long enough, deep enough and broad enough to accommodate any craft afloat. Calais is very happy at the thought of this addition to her maritime resources, and she is doing her very best to materialize her joy. Music has been crashing all day long in all parts of the city and it will go on crashing for the best part of the night, while lightfooted youths and maidens whirl until they are exhausted. President Carnot arrives tomorrow (June 4).

1914: Huerta Fired Upon

VERA CRUZ — An Englishman who arrived here from Mexico City today (June 2) states that a party of students fired at General Huerta while he was

Funny Way To Lead An Army

By A. M. Rosenthal

NEW YORK — Now that President Bush has become an instant hero among American foreign policy strategists (Haven't you noticed, he may be able to devote more of his mind and time to a far larger group of constituents.)

Five months into his presidency, Mr. Bush has done nothing for the Americans whose lives are ruined or filled with dread by drugs. This means almost everybody who lives in a big city — and the millions who found there is no hiding place in suburbs or small towns.

Five months is not a term. But the way things are creeping along, it will be fall before he goes before the public with even a paper plan for action. Then months will be needed for debate and discussion of whatever he does come up with.

That will take us to the end of the year, at best. If he follows his present schedule, the president will have taken 25 percent of his elected term simply to address the nation's top problem, let alone take any action.

Seems like a lot of time to me. Mr. Bush talks about the urgency of beginning the drug war. A whole year clearing the throat and pawing the ground seems a funny way to lead an army. Even more so, when the president's handling of the fact that his leadership is erratic and inconsistent. He started off fine with an inaugural speech promising that the drug scourge would end, and appointing a sophisticated and intelligent man, William J. Bennett, as the "drug czar," to end it.

Given the restrictions put on him by Congress, Mr. Bennett is more like a drug duke. The president stonily promised his full support to Mr. Bennett, who is supposed to have cabinet status. But almost at once, Mr. Bush refused to allow him to attend regular cabinet meetings. With status like that, Mr. Bennett is lucky to get onto the Washington subway. What saves him, and the job, is the intellectual prudence of the Brookings-bum.

Later, Mr. Bush anti-drug forces a lift by listening to good advice — his wife's and Mr. Bennett's. He banned the import of semiautomatic assault weapons. These are the drug mob's favorite killing machines, with which they spray down enemies, police and bystanders with equal contempt.

Big praise for that — but a couple of months later he made the National Rifle Association happy by refusing to ban domestic manufacture of semis, as they are lovingly called by those who like to fondle instruments of death. What sort of signal is that? Are we supposed to cheer because from now on the drug killers can only shoot down Americans in the streets with semis made in the good old U.S.A.?

When another madman will murder children in a schoolyard, or another police drug patrol will be wiped out by a semi. There will be a public scream of pain for a real pain. Does Mr. Bush really have to wait, Mr. Bush?

Money. We have not heard from Mr. Bush about how much money he thinks is necessary to fight drugs. Fight them abroad, at the borders, with doctors, teachers, police and jails.

The biggest mistake a commander in chief of a democracy can make is failing to tell the people that the war into which he leads them will strain national resources and mean sacrifice by each citizen. Money will not win the war; only a national moral consensus, much of it new, and the determination to carry it out will do that. But lack of money sure will lose the war.

Expensive though they are, jails are cheaper than crime. Because of the lack of cells, drug criminals are being pushed into the street, or never see the inside of a jail. Yet in a year an average criminal commits 187 crimes, costing society 17 times as much as a year in jail. Those are Rand Corporation statistics.

America needs money for jails — and for therapeutic communities, which cost about one-third of prison time and hold out some future for the addict other than a return to the needle and the crack vial.

Mr. Bush has a money problem — his own refusal to raise taxes. How can he demand sacrifices of others if he will not make the political sacrifice himself of saying he now believes that the country needs a special tax, a war tax? I think most Americans would cheer him for his bravery.

Maybe that expectation is wrong. Maybe Mr. Bush would suffer in the opinion polls for a while. That does not seem too heavy a sacrifice to make in a war whose victims include thousands of brain-damaged crack babies better off with the death than soon claims them. So welcome home, Mr. President. Your lead.

The New York Times.

1939: 98 Perish on Sub

in the Santa Juliana district. Five of the students have been executed.

LONDON — What has been described as "the greatest submarine disaster in world history" has cost the lives of 98 of the 102 aboard the British craft *Thetis*, which ran her nose into the sea bottom fourteen miles off Great Orme Head, North Wales, on June 1, and stuck there. Four men who escaped from the ill-fated craft owe their lives to the so-called Davis rescue lung, an instrument which roughly resembles a gas mask. The fact that for many hours (Friday June 2), fifteen feet or more of the submarine's tail were displayed above the surface of Liverpool Bay had given rise to exaggerated hopes for the rescue of all the entrapped men.

The question as to why the efforts to that end failed is now absorbing public interest. In front page stories headlines, the *Sunday Express* screamed: "Could these men have been saved?"

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Shy Communists in Poland

Party Candidates Shun Sponsorship in the Elections

By Jackson Diehl

Washington Post Service

WARSAW — "Be Independent — Choose the Best" urges a slogan on a red-and-white election poster plastered around Poland this week. After a decade of political conflict, the theme is familiar, but the sponsor is surprising: not the "independent" Solidarity trade union but the ruling Polish Communist Party.

This reversal of political rhetoric — and the confusion it may cause — appears carefully calculated. So unpopular is the Polish United Workers Party going into the country's quasi-democratic elections to parliament next Sunday, and so overwhelming is the urge among Poles for a change, that even the party's candidates are running like indebtors.

Official propaganda is trying voters to focus on personalities rather than platforms.

Around the country, Communist candidates for the 100-member, freely elected Senate have omitted any mention of the party from their pamphlets, posters and television spots.

Dozens of other pro-government candidates for both the Senate and the lower house, the Sejm, are backed by official organizations and money but publicly stress their "nonparty" status.

The aim of the party's tactics has been to prevent the elections to the Senate and to the minority, non-party bloc of the Sejm from becoming a straightforward choice between Communists and Solidarity members.

In most parts of the country, voters will find a bewildering array of candidates on the ballot, ranging from opposition militants and genuine mavericks to the party's unacknowledged designates.

Across Poland, election authorities have registered 558 candidates

for the 100 Senate seats, while 1,760 nominees are competing for the 460 seats in the Sejm.

In Warsaw, 32 candidates are running for the Senate, but only eight, including three from Solidarity, have clearly identified themselves with a political organization. Sixteen of the Warsaw candidates do not mention political affiliation.

This murky war of independents, real and illusory, may be the factor that could save the ruling party from a catastrophic defeat at the polls, or at least prevent a landslide by Solidarity.

Though the party's polls have shown that only 12 percent of voters intend to vote for the Communists, 26 percent in one recent study said they would choose independents. By contrast, Solidarity was leading among 51 percent of voters, while about one-third were undecided.

Stanislaw Kwiatkowski, the chief party poll taker, said his studies showed that runoff elections would be needed in more than 30 of Poland's 49 provinces to decide Senate races in which no candidate receives a majority vote Sunday.

While that finding indicates that Solidarity will be blocked from a landslide, at least initially, Mr. Kwiatkowski warned that the party and its allies would have no chance for a seat in many areas unless they quickly consolidated their supporters behind a single candidate.

Both of the two small political parties tied to the ruling party, the United Peasants Party and Democratic Party, have their own nominees, as has the Communist-controlled trade union organization.

In seeking the support of voters, many of the candidates from official circles are running single-issue campaigns. One Senate candidate in Warsaw is a doctor who prom-

ises to improve the health service; another heads a home-building cooperative and pledges to ease the housing shortage. An environmentalist, a child-care activist, a war veteran and a record producer also compete for attention, all of them either party members or managers of party-run organizations.

Two Warsaw Senate candidates openly advertise their Communist Party membership, but neither has run a conspicuous campaign. Instead, party publicity has focused on an affable, 54-year-old political scientist, Longin Pastusiak, a well-known author of more than 40 books on the United States.

In television and leaflet appeals to this sentimentally pro-American society, Mr. Pastusiak invariably notes that he attended the University of Virginia, "the same university as Ted Kennedy."

Party strategists appear to be calculating that these figures will draw votes because of their personal popularity, while the myriad single-issue candidates will serve to siphon off votes from Solidarity.

Most of the party's mainstream politicians are running for Sejm seats reserved in advance for Communists, while top leaders such as Prime Minister Mieczyslaw Rakowski are running unopposed on a special, 34-member National List.

The candidates on the list still face an electoral risk: if more than 50 percent of voters cross their names off ballots, they will lose their seats.

The advantage of the party strategy is that its candidates competing against the opposition tend to blend with genuine mavericks, independents and militant opposition figures who are also running against Solidarity.

Two opposition groups, the Christian Democrat Labor Party and Confederation for an Indepen-



Lech Walesa, Solidarity leader, electioneering in Gdynia

dent Poland, have mounted their own campaigns in several parts of the country, while Solidarity splinter groups are opposing the union's candidates in several cities.

"Official media have begun to stress the need to create a 'non-party center,'" said Jan Litynski, the head of Solidarity's campaign in Warsaw. "So the party's candidates try to hide behind the shields of various organizations, mixing themselves into the crowd of non-party competitors. Official propaganda is able to sound a single negative theme: 'Choose anyone who is not Solidarity.'"

The problem for the party is that voters appear to be flocking to Soli-

Soviets to Let Exiled Activist Yuri Orlov Visit Homeland

By Barry James

International Herald Tribune

PARIS — Yuri F. Orlov, one of the founders of the Helsinki monitoring movement in the Soviet Union, is to be allowed to return briefly to his homeland for the first time since being stripped of his citizenship and expelled in October 1986.

Mr. Orlov learned of the development from Soviet officials shortly before attending a meeting at the French National Assembly that brought together human rights activists from several East European countries, including his fellow campaigner, Lev Timofeyev.

Mr. Orlov said he was told he would be granted a 10-day visa to accept an invitation from members of the Soviet Academy of Sciences to visit institutes in Novosibirsk and Moscow.

He said he planned to return immediately to Geneva, where he works as a physicist for the European Center for Nuclear Research, to pick up his visa.

Mr. Orlov spent 10 years in prison and Siberian exile for his role in setting up an unofficial committee to monitor Soviet compliance with the human rights provisions of the Final Act of the European Conference on Security and Cooperation.

The Soviet Union was among 35 nations that signed the document in Helsinki in 1975. Mr. Orlov was released as part of a U.S.-Soviet agreement that also led to the freeing of Nicholas Daniloff, the American journalist.

Mr. Orlov is honorary chairman of the International Helsinki Federation for Human Rights, a Vienna-based body set up in 1982 to promote compliance with the Final Act in the countries that signed it. The federation includes unofficial national committees in 17 countries; the latest to join was France.

The federation held its latest meeting at the National Assembly, bringing the campaigners from Eastern Europe together for the first time in the West.

Mr. Timofeyev said he looked forward to the day when such a meeting could be held in the Soviet Union. This, he said, would be the acid test of his country's proclaimed commitment to openness.

He said at the meeting that things were changing so fast in the Soviet Union that he was not sure that he would be going back "to the same country" when he returned at the end of the month.

"What we had to whisper secretly is now shouted from the rooftops," written about in the press and debated in the new Congress of People's Deputies, he said.

The meeting at the National Assembly was held on the sidelines of an intergovernmental meeting to

review progress in carrying out the human rights provisions of the Helsinki Final Act.

Mr. Timofeyev said that although Soviet progress has been dramatic, the country still is far from ensuring that human rights are adequately respected.

He said it still has people locked up in psychiatric hospitals for political offenses. The KGB still is secretive, he added; religious groups like the Ukrainian Catholics remain oppressed, and "we still have a nationalities problem so deep that the government doesn't even want to reveal it for public opinion."

Mr. Timofeyev said that what he called "the powers of darkness" — conservative opponents of change — "will not give up without the pressure of public opinion and also pressure from abroad."

He said he did not accept his presence in Paris as a sign that the Soviet Union was allowing people to leave freely for independent meetings abroad. He said, for example, that Orthodox churches and Jewish activists are not permitted to attend international congresses. "Why they made an exception for me, I don't know," he said. "But I am happy to be here."

Jiri Hajek, chairman of the newly established Czechoslovak Helsinki Committee, who was to have spoken at the meeting in the National

Assembly, was taken off the train bound for Paris and "brutally" treated, according to Gerald Nagler, secretary general of the International Helsinki Committee.

Mr. Hajek appealed for Western moral support in the face of a badly deteriorating human rights situation in Czechoslovakia.

Not all of the meeting was dedicated to the human rights situation in Eastern Europe. Alice Henkin of Helsinki Watch in the United States appealed for public pressure on the government of Turkey to end what she called frequent and well-documented cases of torture there.

"We know what happens," she said. "We know where it happens and we know how it happens." She called it a "shameful blot" on the record of one of the Helsinki signatories.

Plane Discovered in Rhône

Reuters

VALENCE, France — A British World War II aircraft believed to be a Lancaster bomber has been found by workmen dredging mud in the Rhône River in southern France, the police said Friday. Locals said they remembered the plane crashing during the war because they had helped crew members who parachuted to safety.

Bonn Says It Has Copy of 1939 Nazi-Soviet Secret Protocols

The Associated Press

BRONN — West German officials said Friday that the original document of secret protocols attached to the 1939 Soviet-German nonaggression treaty was destroyed by Nazis near the end of World War II. But a microfilm copy survived and has been inspected by the Soviets, the Germans added.

The secret protocols contained agreements on spheres of influence and on a Soviet takeover of the Baltic states of Latvia, Lithuania and Estonia.

Hans Klein, the information minister, said an original of the nonaggression treaty survived and was in West German archives. The treaty, signed in August 1939

by Foreign Minister Vyacheslav M. Molotov of the Soviet Union and Foreign Minister Joachim von Ribbentrop of Nazi Germany, opened the way to the German-Soviet invasion of Poland and World War II.

The document containing the secret protocols was deliberately destroyed, according to Mr. Klein and the Foreign Ministry's spokesman, Jürgen Chrobog.

"A microfilm copy of this and other documents was preserved by a diplomat," Mr. Chrobog said at a news conference. The officials said someone turned over the microfilm in the 1950s.

Mr. Klein said two Soviet historians traveled to Bonn a few weeks ago to exam-

ine the microfilm, which included a copy of a map of the territories affected.

The 1939 treaty, commonly known as the Molotov-Ribbentrop Pact, has come under close scrutiny in the last year, especially in the Baltic states, as the Soviet Union allowed free discussion of the controversy.

On Thursday, the new Soviet Congress of People's Deputies ordered an inquiry into the 1940 Soviet annexation of the Baltic states.

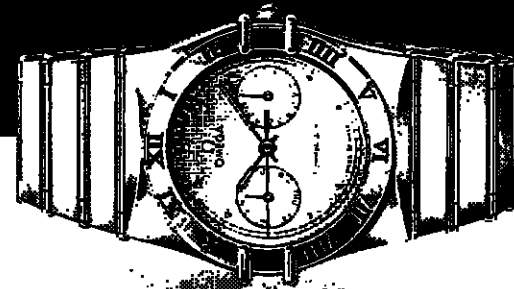
Last August, an Estonian newspaper published portions of the secret protocols, disclosing in print for the first time in the Soviet Union that the takeover had been carried out in collusion with Nazi Germany.

Mikhail S. Gorbachev, the Soviet leader, plans to visit West Germany in mid-June, and a new inquiry into the nonaggression pact could overshadow the event.

Baltic nationalists have pressed the Kremlin to admit that it lied for more than 40 years in claiming that the three Baltic voluntarily surrendered their independence to become part of the Soviet Union.

The Soviet Foreign Ministry spokesman, Gennadi I. Gerasimov, said in Moscow last year that the Soviet authorities ordered a search for the document but had been unable to find it. Soviet officials asked the West German government to conduct a search, Mr. Gorbachev said Thursday, but without success.

Significant Moments
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PEARL TIPPED LUXURY SLIM CIGARETTES.

Moscow Upbeat on Bush Plan

But Doubts Exist On 2 Key Points

Reuters

MOSCOW — Foreign Minister Eduard A. Shevardnadze reaffirmed his cautious welcome Friday of arms reduction proposals that President George Bush made at the NATO summit meeting.

But in an interview with Soviet journalists, Mr. Shevardnadze said that an offer to cut U.S. troops in Western Europe should be broadened to cover other allied forces stationed in West Germany.

He also criticized NATO insistence on including in the negotiations fighter-interceptor aircraft with a purely defensive character.

But, he said, "given willingness on both sides, it will not be difficult to reach a compromise."

Mr. Shevardnadze said he believed North Atlantic Treaty Organization proposals to include fighter-interceptors was not in keeping with the undertaking to confine discussion to offensive, destabilizing weapons.

"This is an intricate question, but I think some mutually acceptable solution will eventually be found at the Vienna talks," he said.

A second Soviet objection concerned Mr. Bush's failure to include in arms reduction proposals British, French, Belgian and Canadian troops stationed in West Germany, Mr. Shevardnadze said.

"This means approximately 100,000 men are excluded from the balance of forces," he said. "We believe equal levels on numerical strength should be fixed for all troops of the Warsaw Pact and NATO deployed outside national boundaries."

"We proposed also the appropriate level — 350,000 men for each of the alliances."

Buoyant Bush Returns

President Bush arrived home Friday, bringing "a message of hope," The Associated Press reported from Portsmouth, New Hampshire.

"We have a great and historic opportunity to shape the changes that are transforming Europe," the president said. "In this period of historic change, the NATO alliance has never been more united."

Buoyed by positive reaction to his proposals, Mr. Bush told a crowd: "We must get to work now to end the Cold War. The world has waited long enough."

ISRAEL: Angered by Attacks, Jewish Settlers Begin 'Counter-Intifada'

(Continued from page 1)

commander's handgun, shoved him and screamed epithets.

"Help us by stopping the settlers' incitement against the Israeli Defense Force," Major General Amram Mitzna, the West Bank's military commander, pleaded with a parliamentary committee this week during its tour of the region. "We are in an explosive situation because of settler attitudes and actions."

Prime Minister Yitzhak Shamir has condemned settler violence, but focused not on reprisals against Arab villagers but on attacks against soldiers.

"Must we cause our enemies to rejoice?" he asked at a news conference. "Must we confront and clash among ourselves? Have we gone mad? Not yet."

"It is impossible to be indifferent and not to be hurt, when one sees the lives of the settlers," Mr. Shamir said, "their suffering, the stones thrown at them and their children every day. This suffering and this condition should be understood and they must be stopped."

According to police, Monday's shooting began when Jewish settlers in the Ramatallah area opened fire on an Arab village, where they opened fire after village

ers threw rocks, injuring Rabbi Yitzhak Ginsberg.

A few hours later, about 20 students from the school, the Tomb of Joseph yeshiva, aided by a dozen heavily armed settlers, rampaged through neighboring Kif Harith, setting fire to houses and fields, smashing windows of houses and cars and firing at villagers who threw rocks and bottles at them.

The police detained about two dozen settlers on Tuesday for questioning in the attack. Rabbi Ginsberg's yeshiva students denied they had undertaken a reprisal raid, but the rabbi justified their actions, telling Israeli reporters, "It is important to show that the land of Israel belongs only to the people of Israel."

He said religious law commanded that "if someone rises up to kill you, kill him first."

Last Friday, settlers shot and wounded at least four Palestinians in two villages in the Ramatallah area in retaliation for stone-throwing attacks on Israeli cars. A preliminary police investigation indicated that the shootings were carried out by a special security patrol organized by the Judea and Samaria Settlement Council, the region's leading settler organization.

In Hebron, an Arab city 25 kilometers (15 miles) south of Jerusalem, hundreds of Jewish vigilantes from the nearby settlement of Kiryat Arba have rampaged at least three times in the past 10 days after attacks on settlers, smashing windows of vehicles and houses, burning cars and firing automatic weapons at windows and doors.

Dozens of troops have been stationed on the perimeter of the settlement to try to block the vigilantes from leaving, but in each case settlers used back roads or simply left on foot through holes in a fence. No arrests have been announced.

Jewish settlers in some instances have used the tactics of their enemies, throwing rocks at Arab cars, burning Palestinian flags and dabbled in pro-Israeli graffiti in Arabic on the walls of Palestinian houses. In the annual procession marking the Jewish festival of Purim in March, settlers in Hebron fired their guns into the air, paraded in Arab headgear, threw stones at passersby and burned Palestinian flags, in a parody of Palestinian nationalism.

Settler leaders cite two main reasons for the increased violence: a major reduction in army forces in the region and what the settlers claim is an increase in Palestinian attacks.

The army began pulling back out a cadre of supporters. In fact, he is the first prime minister in Liberal Democratic Party history without his own political faction.

Mr. Uno was a senior member of the Nakasone faction until Friday, when he announced that he would resign in an effort to insulate the prime minister from factional politics. But politicians and political analysts suggested this week that Mr. Uno would rely heavily on his political mentor, Mr. Nakasone, or on Mr. Takeshita to get policies approved by the party and the Diet.

As foreign minister, Mr. Uno traveled extensively and acquired himself well in discussions with allies, diplomats said. He was the first Japanese foreign minister to visit Israel, an important step for a nation whose Middle East policy has long been shaped by its dependence on Arab oil.

In May, Mr. Uno met with Mikhail S. Gorbachev and used the occasion to argue Japan's claim that the Soviet Union is illegally occupying four islands north of Japan, Japanese diplomats said.

Born into a well-to-do family in a rural area near Kyoto, Mr. Uno was elected to the Diet in 1960 on a slogan of "clean and peaceful politics." Ever since, he has eschewed the common political practice of amassing a war chest of money to distribute to political supporters and junior Diet members.

As a result, he has remained a bit of an odd man out in Japan's money-dominated political world, with-

ing his harsh experiences in a Siberia prisoner-of-war camp in 1945-1947, was made into a movie.

Mr. Uno has said his decision to enter politics was partly influenced by his experience in the Siberian camp after World War II and his successful efforts upon returning to get the government to demand repatriation of other prisoners of war.

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GENES: New Transplants

(Continued from page 1)

purposes, including better understanding of cancer and the most intimate effects on cells of the AIDS virus.

Most specialists now painstakingly transplant genes by direct injection into egg cells in a test tube. That technique requires great skill and expensive microscopic equipment.

If genes can be transmitted by using sperm, as the new report indicates, the production of transgenic animals will probably become much more common.

"If the experiments can be repeated by others, this publication will be a cornerstone in biology," said Dr. Max L. Birnstiel and Dr. Melnar Busslinger in an editorial that accompanied the report in Cell.

Both are with the Research Institute of Molecular Pathology in Vienna. Their editorial characterized the findings as "astounding."

The report in Cell described experiments in which sperm were "washed" and then put in a solution briefly with segments of foreign DNA that included a bacterial gene. DNA, or deoxyribonucleic acid, is the substance of the genes in all living things.

In this surprisingly simple procedure, the sperm heads seemed to capture large amounts of the foreign genetic material in 15 to 30 minutes. Much of it appeared to be tightly incorporated into the sperm head and could not be washed off.

When the sperm were used to fertilize mouse egg cells in the laboratory, the foreign genes were transmitted into the eggs, the report said. The eggs were then transferred to female mice and allowed to develop as normal fetuses.

About 250 mice were born from these eggs, and scientists identified the foreign genetic material in about 30 percent of them.

Many of the mice born with the transplanted genes transmitted functioning copies of the foreign genes to their own progeny when mated with normal mice. The transfers worked only when living sperm was used.

The research is potentially important "not only because the technique promises to do away with the laborious and technically demanding needle work for producing transgenic animals," the editorial said, "but also because of its potential usefulness in introducing commercially important features into such animal species that have thus far proved difficult to deal with."

Although transplants have been done in a wide variety of species, they have proved difficult in important domestic animals like pigs and cows.

The technique would not be applicable to human gene therapy of the kind currently being pursued by several medical research groups. In this kind of therapy, genes would be transplanted into the patient via blood, skin or liver cells.

But the use of sperm might be applied to a different kind of therapy, in which genes are transplanted into an early human embryo.

FARM: Rural Radical Dies

(Continued from page 1)

called him a radical and a troublemaker.

But to many others, he was a hero of legend, a fellow farmer who could instill hope and spur dreams.

Dan Hunter, a guitar player, sang about Mr. Terry at the funeral. "Dixon was there for us. Red beard, flashing grin, maddy boots on the floor, in a kitchen somewhere around midnight."

A third-generation farmer, Mr. Terry watched his own parents lose their farm in the early 1930s.

He graduated as valedictorian of Radcliffe Community High School in 1968 and attended Iowa State University, where he became involved in the social and political ferment of the time.

Mr. Terry founded a left-leaning farm advocacy group, Prairiefire, and served as an adviser to Mr. Jackson in his presidential campaign last year.

Mr. Jackson said he had come to Greenfield in part at the urging of Mr. Terry, who had told the Chicago civil rights leader that rural Americans were receptive to his message. In the Iowa presidential caucuses, Mr. Jackson did, in fact, carry the town of Greenfield.

In addition to his son and father, Mr. Terry leaves his wife, Linda; a daughter, Willow, 17, and his mother, Virgilene.

Many of the people in the church were farmers, and many of these rough-hewn men cried hard into their handkerchiefs.

Mr. Terry's children: delivered eulogies.

"I love you, Dad," said Willow, her voice breaking, as she looked down at the gray casket. Above the casket was a picture of her father milking a cow.

The funeral service was a mix of rural Iowa Methodism and liberation theology.

The congregation sang "Amazing Grace," the old hymn, but also, "A Hymn for the Rural Class."

The song included a bitter refrain about the struggles of family farmers:

"You give us life on farms, in towns and cities all bound together, one community. But sin and pride and greed have made us weak, and power threatens that life, destroys our unity. Our rural life is sacrificed to idols: to gods of war and of prosperity."

The Terry farm was being tended by neighbors, lending a hand to a troubled farm family, just as Mr. Terry had done many times, his friends said.

Mr. Terry died on a ridge on his farm, just outside of town. He was buried on his land.

Friends opened a Dixon Family Fund. Many people at the funeral left a card with cash. The Steen Funeral Home took \$500 off the price of the funeral.

"We will make sure you do not lose your farm," Mr. Jackson said from the altar. "Your children will be educated. We have an obligation to Dixon."

CHINA: Troops Halted in Beijing

(Continued from page 1)

their exact mission, the operation appeared to be designed to clear the students from the square and remove a 10-meter-tall (33-foot-tall) Goddess of Democracy statue, which the students have erected.

Chinese officials reportedly consider the statue to be an affront to Communist Party rule. The students say the statue, on the northern side of the square, symbolizes their calls for democracy.

On Friday night, throngs of Chinese converged on the square to observe the statue, a female figure with arms uplifted. Some of the students said they thought that no matter what happened next, they had scored a moral and political victory over the government.

Also Friday evening, more than 100,000 crowded into the square when Hou Dejian, a singer from Taiwan who defected to China in 1983, and three others began a hunger strike in support of the students' campaign for democratic changes.

Government Holds Rally

Jay Mathews of The Washington Post reported earlier from Beijing: Chinese authorities unleashed the largest and most vicious assault to date on their pro-democracy critics on Friday in the third day of government-sponsored rallies that have given some Chinese intellectuals disquieting reminders of the Cultural Revolution.

One rally, with unmistakable anti-U.S. tones, drew 10,000 government officials, farmers and school children to a sports stadium in Miyun Province, 65 kilometers (40 miles) north of Beijing. Three men dressed as Uncle Sam — with blue trousers, blue caps and star-and-stripes top hats — mocked the democracy movement.

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ARTS / LEISURE

Fallout From Sale of an Old Master

International Herald Tribune

NEW YORK — Every now and then, the appearance of an extraordinary work of art shakes up a whole area of the market. In retrospect, all those who tried to get it, excepting the successful one, are sorry they did not have the guts to go on bidding. The event galvanizes the field into action and sets new rules. This is what the \$35.2-million portrait of a young man holding a pike, sold at Christie's on Wednesday, may now be doing to the Old Masters field.

The selling technique used by Christie's is a watershed in itself. It reflects our society's new approach to art — the yearning for names and certainties, the obsessive tendency to thrust out every possible thread of evidence. The special hardcover catalogue devoted to the single picture is not just the kind of glamorizer that has been a hallmark of the 1980s designed to give any picture in the top layer a sharper focus — from Christie's Materna in 1985 to Sotheby's van Gogh in November 1988. It is an unprecedented exercise in art history without which the picture might not have reached the price level at which it ended up. It is also a masterpiece in presentation.

The reader is first treated to facts. Under the title "the artist," he hears about Jacopo da Caracci, called Pontormo. This is followed by another biography, that of Cosimo I de' Medici, second duke of Florence and first grand duke of Tuscany, titled "The sitter," which sounds equally definitive. Only then does the careful reader come to paragraphs that raise the possibility of doubt. "The attribution to Pontormo," and "The identification of the sitter as Duke Cosimo I de' Medici." These take him to the heart of the matter — why the picture should be called a Pontormo.

In the 19th century, its succeeding owners had different ideas. In March 1810, the portrait was sold in Paris as a picture by "Jean-François" (Giovanni Francesco) Penni known as Il Fattore. An agent called Simon got it for Cardinal Fesch, who amassed a substantial collection of Old Masters. The cardinal may have indulged in some speculation for, in the catalogue of his collection published in 1844, the picture is entered as a Bronzino — after Il Bronzino, a pupil of Pontormo.

On March 17, 1845, however, the portrait was auctioned in Rome as a painting in the style of Andrea del Sarto (the master of Pontormo). Acquired by the collector Leroy d'Étiolles, it was back to Penni. It was sold as such in Paris in February 1861. Princess Mathilde Bonaparte bought the picture and held it for 43 years. By the time her collection came up at auction on May 17, 1904, it had lost its Penni label once again and found a new life as an Alessandro Allori (a pupil of Bronzino) for the next 16 years.

In 1920, the German art historian H. Voss declared the painting to be a Pontormo. His opinion has since been underwritten by eight different voices and now, for the ninth time, by Janet Cox-Rearick in Christie's catalogue.

The case she makes for the Pontormo attribution is brilliant but intricate. Her arguments are manifold. If one was to be singled out, it is probably the visual analogy with Pontormo's thoroughly documented "Visitation" at Carmignano, Italy.

Both works share that peculiar swinging movement of the elongated silhouettes that combine a

sculptural quality with an unreal lightness thanks to the handling of the dainty fabrics. The expression of sudden understanding in the young man's gaze, dreamy, almost introspective, and yet lingering on the viewer, can be recognized in one of the "Visitation's" figures.

The question of Cosimo's identity is argued with even greater complexity and may not be quite so convincing. It takes several readings to pick up the thread and form one's own opinion. That an auction house, not an academic institution, should have gone to such lengths says it all about the importance now attached to art history and to clear-cut labeling.

It also explains by contrast why Impressionist, Modern and Contemporary Masters, concerning whom questions of attribution do not arise, have been leading the market. While a Monet is seldom questioned as a Monet, hardly any early Old Master coming up on the market ever passes muster without further discussion.

The appearance of the Pontormo has now created a new situation. No picture of this caliber — this is pure Louvre, Uffizi or National Gallery vintage — had been seen at auction since 1971. The sensation it caused made it crash through a barrier that seemed impenetrable to all but van Goghs or Picassos. It should prob-

bly have gone for even more than the \$35.2 million it made.

Compared with the \$47.8-million "Yo Picasso," this is peanuts, both on account of its greater rarity and its incomparably superior achievement. But as the first Old Master in

SOURIN MELIKIAN

the tens of millions of dollars, the sale is a watershed. It demonstrates that a masterpiece, when skillfully handled as this was by Christie's, need not lag forever behind 19th and 20th-century painting.

Its fallout was already perceptible on Wednesday and Thursday, in Sotheby's sale. Ian Kennedy, head of Christie's Old Masters department, is convinced that the presence of the Pontormo whipped up interest in other works.

"The Battle between Lent and Carnival" by Pieter Brueghel the Younger, which is one of several remakes of Pieter Brueghel the Elder's original, wildly exceeded estimates at \$2,970,000.

A vase landscape done by Willem de Valde the Elder in 1668 would probably not have soared to \$462,000 in another context. This is not an oil but a large size grisaille drawing, 103 by 146 centimeters (about 40 by 57 and a half inches), depicting "The action at Bergen, Norway, August 12th, 1665" when

the English set upon a fleet of Dutch India ships in the harbor at Bergen. Nor is it unique — there is another version in Amsterdam. Even so, the price was huge. The man who bought it for \$100 or so in a Long Island garage sale a few months ago did not do badly.

Professionals themselves occasionally get carried away. It was Julian Agnew of London who bid up to \$638,000 on the exquisitely preserved but very small "A stag hunt" by Philips Wouwermans.

Ironically, however, it was Sotheby's that benefited to the full from the delayed effect of Christie's Pontormo bombshell. The day after, as the Old Masters from the Chrysler estate were being sold, enormous prices cascaded. Few thought the French Romantic painter Théodore Géricault could make it to the \$2-million mark. Yet his landscape with aqueduct painted in 1818 was

bought for \$2,420,000 by the New York dealer Guy Stair Sainty.

A mythological scene featuring a fleshy Venus bordering on kitsch by Jean Baptiste Regnault made an equally astounding \$825,000.

Most unexpected perhaps, an imaginary architectural view by Bernardo Bellotto, of which other versions are known, was bought for \$1,870,000 over the telephone.

Significantly, most of the pictures that went far beyond expectations were soundly established through signatures, and were utterly typical of the masters' style, possibly reflecting the intrusion of the new breed of buyers that goes after labels and has been dominating the Impressionist and Modern Masters market in the last two years. The reverberations of the Pontormo affair are only just beginning to make themselves felt.



Detail of "A Stag Hunt" by Philips Wouwermans, which sold for \$638,000.

In Houston, Menil Collection Needs to Raise \$35 Million

By Grace Glueck
New York Times Service

NEW YORK — Faced with financial problems two years after its opening, the prestigious Menil Collection in Houston is out to raise \$35 million in endowment money.

The need, acknowledged by the museum's founder and chief patron, Dominique de Menil, comes as a surprise to many in the art world who had assumed that the future of the institution was assured.

"If we do not have an endowment, there will be a day when we have to close the museum," de Menil said. "The building itself costs \$3 million a year to run, and

my foundation and my fortune are not bottomless."

The museum, which opened in May 1987, houses the more than 10,000 objects — ranging from paleolithic times to the present — assembled over a 40-year period by de Menil and her husband, John, who died in 1973.

The collection ranks among the greatest private assemblages in the United States, notable for its strength in 20th-century art, particularly School of Paris modernism, with extraordinary richness in Cubism and Surrealism.

The museum is governed by the Menil Foundation, established in the 1950s by the de Menils. The foundation has been responsible for acquisition funds, which until

last year averaged more than \$1 million annually, and operating disbursements of between \$2.7 million and \$2.9 million a year.

But like other Houston enterprises, the foundation — largely based on the stock of Schlumberger Ltd., an oilfield services organization founded by de Menil's father and uncle — has been eroded by the oil recession.

With the financial crunch has come the resignation of the museum's director, Walter Hopps, who said he would "pursue an independent curatorial role" in the field of 20th-century art.

Before joining the Menil Collection as director in 1983, he had worked with de Menil on planning the museum and its program, and had previously been director of the Pasadena Art Museum in California, the Corcoran Gallery of Art in Washington and curator of 20th-century American art at the National Museum of American Art in Washington.

The Menil Collection, Hopps said, does not have "the resources it had the day we opened."

"We are spending only between \$2.7 million and \$2.9 million for the entire operation, and functioning with only two curators."

"There's too much work for that small a staff. When I came in 1980, we were able to spend over a million a year in acquisitions, but since 1988 there's been zero. I didn't anticipate that. I want to help broaden support for the place, but I want to work on shows and publications, not raise money."

The \$25-million museum, designed by the Italian architect Renzo Piano, has been acclaimed for its elegantly functional design.



Dominique de Menil in the Houston museum's Cabist room.

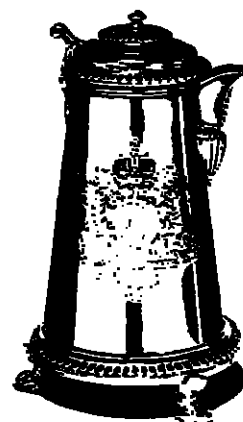
Twinkle, Twinkle... By John Greenman

ACROSS	ACROSS	ACROSS
1. A tall ship and — steer her by	57 Host at Valhalla	101 Together: Comb form
5 Actor Hoffman	58 Flunky	102 City: Ger.
11 Little lad's name	59 Effortlessness	103 Nitrous (laughing gas)
16 — mosaic-trooping Scott	60 Le Roi d'Yvetot	104 Melodic
19 U.S. columnist	61 Timber wolves	105 Quindian
20 I like some beds	62 Naggled	107 Black tea
21 Standfish	63 Belray a hood's confidence	108 Fine, mod style
22 Chinese dynasty	64 Rome's river	110 Natives: Suffix
24 Very meager	65 Mount — Jordan	111 Be calculating
26 Texas	66 Bard's "before"	112 Sward
28 (Hum)	67 Share top billing	113 — Sark, a Channel Islands ruler
29 Lowest points	68 Parish-Perkins	114 Discarded title for "G.W.T.W."
30 Groups of three	69 Ukranian	115 Some Italian singers
32 Picky bank contents	70 Fr. soldiers	117 Bolivian city
33 On hand	71 Mosquito	118 Sward
35 Baseball pitch	72 Became cheerful	119 — Sark, a Channel Islands ruler
36 Dennis and Dunn	73 Thusly: Colloq.	120 Glasgow veto
37 Fatigue	74 Tamar's half-brother	121 A discarded title for "G.W.T.W."
38 Media man	75 Swap	122 Ending for an inceptive verb
40 Fishy net	76 Fox terrier of fame	123 A — (chewy)
41 Birds	77 Myrna's hunk	124 Author Welty
42 Daylight dinners	78 — a man with seven wives	125 Activates anew
44 Rattles	79 "A Rage to Live" author	126 Sounds seeking silence
45 Delights	80 Wan	127 — down (scold)
46 Half a score	81 A hol. sci.	128 Double dagger, in printing
48 Stained a shell	82 Figurative signs of joy	129 Being, to Brutus
51 Military	83 Wan	130 Of — (undistinguished)
54 Soft cheese	84 Wan	
55 Residue	85 Wan	
56 (Obelisk and city of the U.S.S.R.)	86 Wan	

Solution to Last Week's Puzzle

1. Edison's middle name	2. Blue gums	3. Pre-schooler	4. Veni one's view	5. Support in Scotland	6. Relax	7. Fashionable	8. Snail's pace	9. Cyprinoid fish	10. Young bird	11. A binary compound	12. Solo	13. Coloring agent	14. Former Brooklyn pitcher	15. A pair — a tumbler	16. Shuk	17. G.I. publication	18. Poker pot	19. Spectral types	20. Memorable crime fighter	21. Owens	22. Isolated rocks	23. Washer cycle	24. One young hunk on a promise	25. Feet effects of a head blow	26. Dormer part	27. Habitat	28. Bow or Barton	29. Four ones	30. — Carlo Menotti	31. Dentist's dept.	32. State firmly	33. Brimmed headgear	34. Doric column	35. Edge	36. Sea ducks	37. Indigent person	38. Misrepresented as genuine	39. Actress Cara of "Fame"	40. — fame	41. Prize eponym	42. Prevent	43. — Use	44. Raising a Shout	45. Auden	46. Bird sheets, etc.	47. Nigerian V.I.P.'s	48. French nobleman	49. New Guinea people	50. — Burn	51. Commotion	52. Alaskan Indians	53. Maria of opera	54. Having a certain sharp flavor	55. TV roles for Glasier and Saul	56. Plait	57. Slowly, to Solt	58. Trumpet	59. Fervor	60. Part of le	61. In the thick of	62. Bars of silence	63. Comedy	64. Martha	65. Meteors	66. Clipped	67. Polka	68. — patients	69. "Je dis," in English	70. Baskerville	71. Swiss river	72. Take by surprise	73. Lariat loop	74. L'opéra	75. Carry or Paul	76. City SE of Cleveland	77. High hideaways	78. Ballet movements	79. Honshu seaport	80. Verdi works	81. Irritable	82. Chili con —	83. Snapper	84. 115 Greek isle	85. Flamingo	86. Remorseful one	87. — Dinah, 1958 hit tune	88. Phoenician love goddess	89. Ar successor	90. Bizarre	91. Hawaiian	92. Sympathetic	93. Vane dir.
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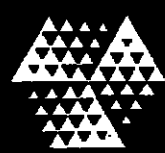
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AT&T	42 1/2	42 1/4	42 1/2	+ 1/4
GE	28 1/2	28 1/4	28 1/2	+ 1/4
Westinghouse	24 1/2	24 1/4	24 1/2	+ 1/4
Johnson & Johnson	40 1/2	40 1/4	40 1/2	+ 1/4
Boeing	38 1/2	38 1/4	38 1/2	+ 1/4
General Motors	34 1/2	34 1/4	34 1/2	+ 1/4
Ford	32 1/2	32 1/4	32 1/2	+ 1/4
Chrysler	30 1/2	30 1/4	30 1/2	+ 1/4
Exxon	26 1/2	26 1/4	26 1/2	+ 1/4

Market Sales	
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NYSE 4 p.m. value	\$1,450,000,000
NYSE 4 p.m. volume	1,450,000,000
NYSE 4 p.m. value	\$1,450,000,000
NYSE 4 p.m. volume	1,450,000,000
NYSE 4 p.m. value	\$1,450,000,000
NYSE 4 p.m. volume	1,450,000,000
NYSE 4 p.m. value	\$1,450,000,000

NYSE Index				
Company	High	Low	Close	Chg.
Composite	1048 1/2	1048 1/4	1048 1/2	+ 1/4
Industrial	1048 1/2	1048 1/4	1048 1/2	+ 1/4
Transport	1048 1/2	1048 1/4	1048 1/2	+ 1/4
Finance	1048 1/2	1048 1/4	1048 1/2	+ 1/4

Friday's
NYSE
Closing
Via The Associated Press

AMEX Diary				
Adv.	Decl.	Net	High	Low
10	5	5	100	95
10	5	5	100	95
10	5	5	100	95
10	5	5	100	95

NASDAQ Index				
Company	High	Low	Close	Chg.
Composite	1048 1/2	1048 1/4	1048 1/2	+ 1/4
Industrial	1048 1/2	1048 1/4	1048 1/2	+ 1/4
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AT&T	42 1/2	42 1/4	42 1/2	+ 1/4
GE	28 1/2	28 1/4	28 1/2	+ 1/4
Westinghouse	24 1/2	24 1/4	24 1/2	+ 1/4
Johnson & Johnson	40 1/2	40 1/4	40 1/2	+ 1/4

Dow Jones Bond Averages				
Bond	High	Low	Last	Chg.
10-year	104 1/2	104 1/4	104 1/2	+ 1/4
20-year	104 1/2	104 1/4	104 1/2	+ 1/4
30-year	104 1/2	104 1/4	104 1/2	+ 1/4

NYSE Diary				
Adv.	Decl.	Net	High	Low
10	5	5	100	95
10	5	5	100	95
10	5	5	100	95
10	5	5	100	95

Odd-Lot Trading in N.Y.				
Buy	Sell	Net	High	Low
10	5	5	100	95
10	5	5	100	95
10	5	5	100	95
10	5	5	100	95

Dow Jones Averages				
Open	High	Low	Last	Chg.
1048 1/2	1048 1/2	1048 1/4	1048 1/2	+ 1/4
1048 1/2	1048 1/2	1048 1/4	1048 1/2	+ 1/4
1048 1/2	1048 1/2	1048 1/4	1048 1/2	+ 1/4

Standard & Poor's Index				
Industry	High	Low	Close	Chg.
Composite	1048 1/2	1048 1/4	1048 1/2	+ 1/4
Industrial	1048 1/2	1048 1/4	1048 1/2	+ 1/4
Transport	1048 1/2	1048 1/4	1048 1/2	+ 1/4
Finance	1048 1/2	1048 1/4	1048 1/2	+ 1/4

NASDAQ Diary				
Adv.	Decl.	Net	High	Low
10	5	5	100	95
10	5	5	100	95
10	5	5	100	95
10	5	5	100	95

AMEX Stock Index				
High	Low	Close	Chg.	Vol.
100	95	100	+ 1/4	100
100	95	100	+ 1/4	100
100	95	100	+ 1/4	100

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Dow Hits Post-Collapse High

NEW YORK — Stock prices on the New York Stock Exchange rallied Friday to their highest closing levels since the October 1967 collapse after the release of the report on May employment that was weaker than had been expected.

The Dow Jones industrial average, which had risen 10.48 Thursday, jumped 27.20 to close at 2,517.83. For the week, the blue-chip index gained 24.06 points.

Among broader market indicators, the NYSE composite index climbed 1.86 to 161.49, and Standard & Poor's 500-stock index rose 3.55 to 325.52. The price of an average share gained 37 cents.

Advances overwhelmed declines by about a 5-to-2 ratio. Volume totaled 229.14 million shares, compared with 223.16 million shares traded Thursday.

The market rallied throughout the session after the Labor Department reported that non-farm jobs grew only 101,000 in May, which was much smaller than the revised 206,000 in April and about half of that expected by most economists.

The report also said the U.S. jobs rate for May eased 0.1 percentage point from April to 5.2 percent, in line with expectations. U.S. workers earned an average of \$9.61 an hour, only slightly higher than \$9.60 in April.

Analysts said the May employment report supported the theory that the economy is cooling and that the Federal Reserve Board's tight monetary policy has been helping to curb inflationary pressures.

Investors have looked for such confirmation since it heightens the possibility that the Fed will soon ease short-term interest rate levels, which would make stocks a more attractive alternative to cash investments.

"This is a rate-driven market. When interest rates decline, stocks rise," said Larry Wachel, market analyst with Prudential-Bache Securities Inc.

Shortly after the release of the report, Southern Bank of St. Louis, Missouri, lowered its prime lending rate to 11 percent from 11.5 percent. No major bank immediately followed the move, but analysts said it was only a matter of time.

"Right now we're just sitting and waiting," said Trude Latimer, market analyst with Josephthal & Co.

Later in the day, the Veterans Affairs Department announced it would cut its maximum home loan interest rate from 10.5 percent to 10.

Tecaco was the most active NYSE issue, rising 3/4 to 49 1/2. Shearson Lehman Hutton Inc., Goldman Sachs & Co. and Salomon Brothers Inc. began redistributing the Tecaco shares they bought Thursday.

Prices closed sharply higher in active trading on the American Stock Exchange.

The Amex 500-stock index rose 2.38 to a post-crash closing high of 340.47. The price of an average share gained 10 cents. Advances led declines by about a 3-to-2 ratio. Volume swelled to 16.02 million shares, compared with 14.27 million shares traded Thursday.

BAT Industries led the Amex issues, climbing 3/4 to 9 13/16.

NYSE Most Actives				
Vol.	High	Low	Last	Chg.
IBM	160 1/2	160 1/4	160 1/2	+ 1/4
AT&T	42 1/2	42 1/4	42 1/2	+ 1/4
GE	28 1/2	28 1/4	28 1/2	+ 1/4
Westinghouse	24 1/2	24 1/4	24 1/2	+ 1/4
Johnson & Johnson	40 1/2	40 1/4	40 1/2	+ 1/4

NYSE Index				
Company	High	Low	Close	Chg.
Composite	1048 1/2	1048 1/4	1048 1/2	+ 1/4
Industrial	1048 1/2	1048 1/4	1048 1/2	+ 1/4
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10	5	5	100	95

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1048 1/2	1048 1/2	1048 1/4	1048 1/2	+ 1/4
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Finance	1048 1/2	1048 1/4	1048 1/2	+ 1/4

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Finance	1048 1/2	1048 1/4	1048 1/2	+ 1/4

ECONOMIC ACTION

Administration

Lower Interest

Currency Rate

Interest Rate

BUSINESS ROUNDUP

Icahn Sale Sparks Speculation on USX

Compiled by Our Staff From Dispatches

NEW YORK — Carl C. Icahn's sale of his 17.3 percent stake in Texaco Inc. for \$2 billion has sparked speculation on Wall Street that the Trans World Airlines chairman may use the funds to mount a new bid for USX Corp., the U.S. oil and steel giant.

Mr. Icahn, one of the wealthiest and most successful U.S. corporate raiders, has an 11.4 percent stake in USX. He failed in an attempt to take over the company two and a half years ago.

Mr. Icahn has refused to comment on his investment intentions toward USX. And people who say they know him well maintain that he had not made up his mind what to do about his USX investment.

They said, however, that they thought he strongly favored breaking up the huge company into two parts, one for its steel operations and the other for its oil business.

Attention has centered on USX because it is now Mr. Icahn's largest investment and on Thursday a new chairman, Charles A. Corry, took the place of David M. Roderick, who retired on Wednesday.



Carl C. Icahn

While Mr. Icahn appeared to have developed a working relationship with Mr. Roderick after his takeover bid failed, his thoughts on and relationship with Mr. Corry are not known.

Mr. Corry said Friday that he would not comment on the market speculation.

"It's been a policy for a long time, which I think has proved to be a wise one over many years, not

to comment on such matters," he said.

Commenting on the Texaco sale, Mr. Icahn said in a telephone interview on Thursday: "I believe Texaco's a better company than it was a year and a half ago, and we like to think we had a small part in helping it. Now it's time to move on."

He turned aside all questions on what, if anything, he might do to persuade USX to restructure its operations.

Trading in USX shares turned frantic on the New York Stock Exchange on Thursday after the sale of Mr. Icahn's stake, creating an order imbalance, with more people trying to buy than sell.

After a brief halt in trading, USX shares closed Thursday at \$37.50, up \$2.625. In late afternoon trading on Friday, USX shares were \$1 lower at \$36.50.

If Mr. Icahn chose to mount a hostile bid for USX, he could marshal enormous resources.

In addition to the \$2.07 billion from his Texaco sale — of which \$700 million is estimated to be profit — Mr. Icahn has about \$1.2 billion

in the TWA coffers and \$500 million more in ACF Corp., another Icahn-controlled company.

Allowing for debts on the Texaco stock, he has close to \$2.5 billion at his disposal.

But analysts disagreed widely over the value of USX subsidiaries. The U.S. Steel division of the company has been helped by trade restrictions and the weak dollar, which have limited competition from imports.

If trade restrictions were lifted or if the dollar were to continue its current climb, that could hurt the company's steel division. Analysts also differ about the direction of volatile oil prices.

Analysts said that some market speculation has also centered on Williams Cos. Although Mr. Icahn hasn't disclosed any holdings in the company, market analysts believe he holds about 4 percent of the natural gas transmission concern.

Williams has laid fiber optics cables alongside its pipelines, making it one of just four companies in the United States with fiber optics networks. (NYT, WT, Reuters)

Breakup For NTT Discouraged

Compiled by Our Staff From Dispatches

TOKYO — A possible breakup of Nippon Telegraph & Telephone Corp., now being studied by Japan's Ministry of Posts and Telecommunications, would have a negative impact on services, the telecommunications giant's president said Friday.

"When you try to break up one organization and make different parts independent, of necessity there would be disruptive losses," Haruo Yamaguchi said.

He said potential problems included additional costs to interconnect the divided divisions, the possibility of regional tariff differences, and the question of how to run NTT's telecommunications research laboratories.

A ministry study group is considering a plan that would break NTT into one long-distance service firm and several regional entities.

But Mr. Yamaguchi said it was impossible to predict whether a breakup would occur. He said the present system offered the best nationwide service.

Mr. Yamaguchi also said NTT was trying hard to regain customer confidence, seriously eroded by the role of former NTT officials in a major political scandal.

The former NTT chairman, Hisashi Shinto, and two other former company executives are among six people indicted on bribery charges in the Recruit Co. influence-peddling affair that has rocked the government.

"We would very much like to regain customers' trust as soon as possible so we can revitalize our daily activities," Mr. Yamaguchi said.

He said the company's links to the Recruit affair appear to have had some influence on the debate over NTT's possible breakup, by strengthening the hand of those who would like to see divestiture. (Reuters, AFP)

Japanese Firms Fear AT&T Patent

Reuters

TOKYO — Japanese companies are concerned that American Telephone & Telegraph Co. could use a recently won patent to extract license fees from them or to block their high-technology exports to the United States.

But they remain unsure how the patent, which AT&T has declined to describe in detail, will affect them.

"We are worried but still trying to get the details," said a spokesman for the International Robotics and Factory Automation Center, a government-affiliated organization in Japan. "But if the patent has broad coverage it could cause big problems."

The patent, awarded to AT&T's Bell Laboratories research wing in February, covers a "method or process" used in controlling computerized production processes. Computers are used increasingly to control the manufacture of automobiles, microchips and other high-tech wares.

But it is unclear how broadly the patent could be applied and whether it would cover computerized production systems already used by other companies.

In a worst-case scenario, AT&T could demand payment from Japanese manufacturers for infringing on the process or take action to block imports to the United States of products made using it, industry sources said.

But few Japanese manufacturers have reason to worry, according to Yoshihiro Kusuda, general manager of Yaskawa Electric Manufacturing Co.'s robotics division.

"Japan has very few computer-integrated manufacturing operations compared with the United States," he said. "We have many robots, but they are not integrated with computers."

Others predicted a far greater impact. "Japan has been assiduously borrowing American automated manufacturing technology for the past five years, especially software," said John Stern, vice president for Asian operations of the American Electronics Association.

A spokesman for AT&T Japan Ltd. said the company had not applied to patent the process in Japan. Industry sources said its chances of obtaining a local patent were slim because Japan grants them only for very specific processes.

The patent's potential harm could be greater for U.S. manufacturers, which, unlike Japanese companies, would be vulnerable in their home market. "Japanese makers are concerned about the potential impact on exports, but all the output of U.S. makers would presumably be affected," said a spokesman for NEC Corp., the giant semiconductor maker.

■ AT&T-Italtel Accord Completed

A spokeswoman for Itel Spa said Friday that the accord between the Italian telephone-exchange manufacturer Italtel Spa, a Stet unit, and AT&T on global collaboration will be signed on Monday, when details of the agreement will also be announced, Reuters reported from Rome.

On Thursday the executive committee of Istituto per la Ricostruzione Industriale, which controls both Stet and Italtel, approved the final terms of the accord.

Australian Mutual Buys Pearl Stake

Reuters

SYDNEY — Australian Mutual Provident Society, Australia's largest insurance group, said Friday it had acquired the 13 percent stake in the British insurance company Pearl Group PLC sold by FAI Insurance Ltd.

FAI had said earlier that it sold its 23.8 million shares in Pearl to an unnamed buyer at 418 pence (about \$6.60) per share.

Australian Mutual said the purchase raised its holding in Pearl to 32.4 million shares, or 18 percent of its issued capital.

Leigh Hall, Australian Mutual's chief investment manager, said the company regarded Pearl as a good investment, having a fair dividend yield and a low price/earnings ratio.

Mr. Hall said his company holds shares in several listed British insurance companies but the stake in Pearl is now its largest investment in the sector. Mr. Hall declined to comment specifically whether Australian Mutual would acquire the company.

But Pearl shares climbed sharply on the London Stock Exchange on speculation that a full

Renault and Peugeot Asked to Hold Prices

Reuters

PARIS — Finance Minister Pierre Bérégovoy has called on the French automakers Renault and Peugeot SA to show restraint in increasing prices.

Both automakers have a role to play in France's fight against inflation, Mr. Bérégovoy said Thursday at his weekly press briefing. He said he would discuss the issue with chairmen of the two companies.

Price increases by French automakers normally take place in July.

Inflation in France picked up in April although it has been growing at a lower rate than in most other major industrialized countries. Mr. Bérégovoy said the April rise was

due mainly to higher oil prices and a stronger dollar.

Meanwhile, the EC Commission, the European Community's executive body, said it was still unsatisfied with France's progress on a restructuring of Renault. A statement was issued Thursday by the EC competition commissioner, Sir Leon Brittan, after a meeting with the French minister of industry, Roger Fauroux.

The EC decreed last year that Renault must lose its special regime status, or that of a state agency, and become a state-owned company in return for EC approval of France's write-off of 12 billion francs (\$1.7 billion) of company debt.

The EC official added that significant progress had been made on the agreement to abolish the regime status, which protects Renault from normal company law and prevents it being declared bankrupt.

He said, however, that more facts were needed about progress on restructuring the company before he could decide whether the EC conditions had been met.

The commissioner said he had told Mr. Fauroux that the French government could ask for reconsideration of the agreement if circumstances in automaking had changed.

Rio Grande Seeks Soo Line Link to Chicago

Compiled by Our Staff From Dispatches

SAN FRANCISCO — Rio Grande Industries Inc. said Friday that it was trying to buy the railroad line between Kansas City, Missouri, and Chicago from Soo Line Corp. of Minneapolis.

The purchase of about 500 miles (800 kilometers) of track would give Rio Grande — the parent of the Southern Pacific and Denver & Rio Grande Western railroads — its first direct link to Chicago from the West Coast. Currently, the railroad must transfer goods to other lines, including Soo, in Kansas City.

Rio Grande expressed optimism on the possibility of an agreement with Soo for the line, which passes through Missouri, Iowa and Northern Illinois.

The negotiations indicate that the Denver billionaire Philip Anschutz intends to bolster his privately held rail operation. Last October, his Rio Grande Industries bought the Southern Pacific from Santa Fe Southern Pacific Corp. for \$1 billion.

In a companion announcement by Soo Line, the company said it anticipated an agreement that would allow Soo to retain access to points to continue service for its customers. Soo said that the value of the transaction could not be re-

leased until negotiations were completed but that it anticipated no material gain or loss.

An agreement would be subject to approval from the Interstate Commerce Commission.

Soo said it expected that if the properties are sold, agreements would be negotiated with employee representatives to provide for the interests of those working the corridor.

Rio Grande said the agreement would enable its Southern Pacific and Denver & Rio Grande Western railroad subsidiaries to reach Chicago directly with single-line service for customers in 15 Western states. (UPI, Reuters)

Huntsman Filing Shows Interest in Aristech

Reuters

WASHINGTON — Huntsman Holding Corp. said Friday in a filing with the Securities and Exchange Commission that it may seek to acquire all of Aristech Chemical Corp. or certain of its assets, such as its polypropylene interests.

Huntsman has disclosed a holding of 2.4 million shares, or about 7.18 percent, of Aristech's common stock. Aristech was spun off by USX Corp. in 1986. Huntsman is a petrochemical producer.

Currency Is Still Falling

Reuters

With black market operations continuing despite official warnings, Argentina's currency continued its dizzy fall. The Associated Press reported Friday from Buenos Aires.

In some provinces, officials have attempted to freeze supermarket prices on basic foods and medicine.

The austral traded on the black market at 230 to the dollar, or 24 percent less than the rate of 175 set Wednesday by the central bank.

FOOD: In Argentina, Prices Rise 1% Every 4 Hours

(Continued from first finance page)

said. The austral was trading officially at 175 to the dollar, a 1,000 percent drop from February.

"I can't understand it," she added. "All these products are made in Argentina."

Last month I bought mate at 44 the kilo, now it's 98 the half kilo," she said, referring to a popular herbal tea. A kilo is about two pounds. "That's why people are breaking into supermarkets. They are hungry."

Friday's
NASDAQ
Prices

Prices as of 4 P.M. New York time.
This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar volume.
It is updated twice a year.
Via The Associated Press

12	11	10	9	8	7	6	5	4	3	2	1	0	1	2	3	4	5	6	7	8	9	10	11	12
12	11	10	9	8	7	6	5	4	3	2	1	0	1	2	3	4	5	6	7	8	9	10	11	12

12	11	10	9	8	7	6	5	4	3	2	1	0	1	2	3	4	5	6	7	8	9	10	11	12
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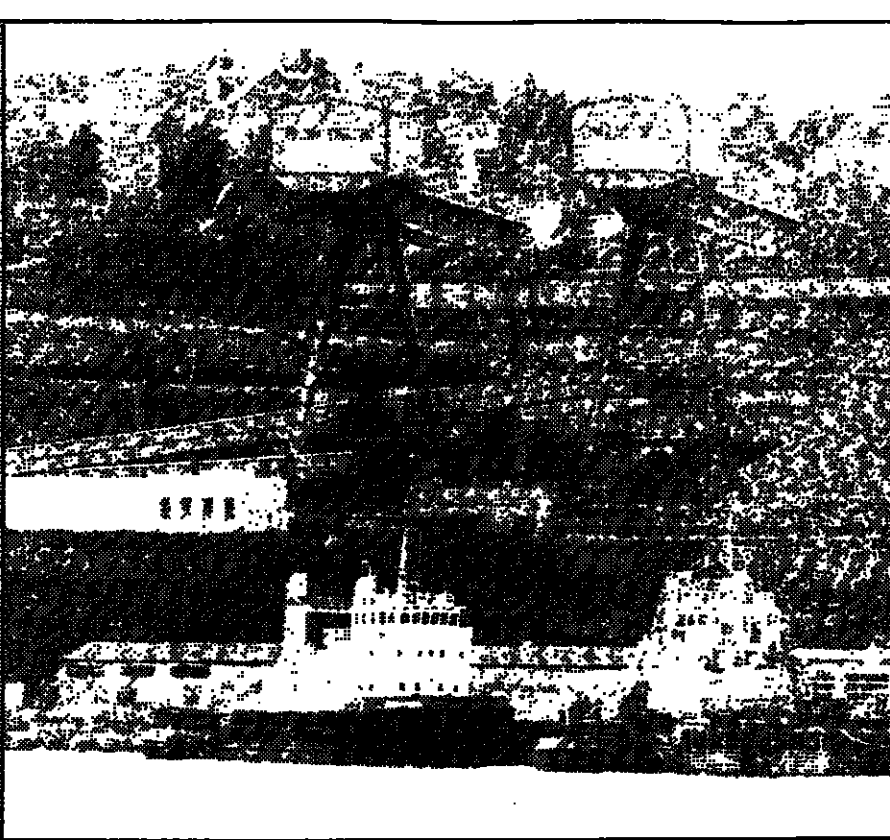
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12	11	10	9	8	7	6	5	4	3	2	1	0	1	2	3	4	5	6	7	8	9	10	11	12

12	11	10	9	8	7	6	5	4	3	2	1	0	1	2	3	4	5	6	7	8	9	10	11	12
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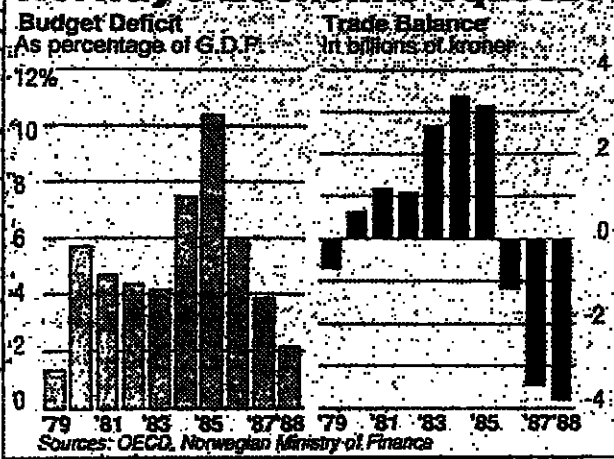
12	11	10	9	8	7	6	5	4	3	2	1	0	1	2	3	4	5	6	7	8	9	10	11	12
12	11	10	9	8	7	6	5	4	3	2	1	0	1	2	3	4	5	6	7	8	9	10	11	12

Restless Norway



Carl Hagen and Jan Syse (from left) are leading challenges to the government of Gro Harlem Brundtland (right). Mainland industry is among the issues; shown is the port of Narvik, where iron ore from Sweden is offloaded.

Norway's Economic Squeeze



Recovery Masks Lack of Growth in Mainland Sectors

By Henry Henriksen

OSLO—The Norwegian economy, jolted by the oil price slump, a money supply bonanza and public and private overspending in the mid-1980s, has started to recover. However, while the minister of finance in Norway's Labor minority government, Gunnar Berge, is elated over the success of his economic squeeze over the last three years, his non-socialist critics say that the Norwegian mainland economy shows few signs of sustained growth that would reduce Norway's strong dependence on oil revenues from the North Sea.

"Our economy is back on the right track, one year sooner than I expected," Mr. Berge said when he submitted his revised national budget to parliament in early May.

Anders Talleraas, Conservative chairman of parliament's finance committee, disagreed, saying improvements so far were only domestic.

Mr. Berge goes out of his way to stress the bright spots, thus covering up continued stagnation in the mainland economy, he said.

Following the years of flowing revenues from the North Sea, Norway faced considerable challenges and carried out drastic measures to overcome the effects of what are now recognized as irresponsible policies.

For several years Norwegian industries, exposed to competition at home and abroad, were losing markets. The fundamental reason was steadily growing costs from higher wages and prices.

The gap between what Norwegians produced and used became unmanageable when, during the 1985-87 period, the oil price jolt turned a surplus on the current account balance of payments of 27 billion kroner (\$3.9 billion) into a deficit of 40 billion kroner.

Now, Norway's external balance is no longer in the red. Mr. Berge's revised budget put current account balance, excluding

Continued on page 17

Consensus Emerges In Debate Over NATO Membership

By John Ausland

OSLO—Norwegian officials are breathing more easily. After a decade of debate about their nation's security policy, there is consensus again. This became clear during a recent debate in parliament on security and disarmament.

At the heart of this consensus is an agreement that the North Atlantic Treaty Organization should remain the cornerstone of Norwegian security policy. During the 1970s, a significant minority in the Labor Party questioned this. The generation that came to maturity in the 1960s and 1970s gradually came to realize, however, that it was not possible to get ahead in Norwegian politics if one opposed NATO.

Mikhail Gorbachev has now provided the perfect justification for embracing the alliance. As noted by Einar Førde, deputy leader of the Labor Party and long known as an opponent of NATO, the alliance provides the best vehicle for working for disarmament.

At the same time, it would be an

Continued on page 17

Labor Party Wanes With Unemployment Rise

By Michael Metcalfe

OSLO—Norway faces the prospect of a further period of political indecision after national elections in September, with electoral support rapidly waning for the return of a minority Labor government, again headed by incumbent Prime Minister Gro Harlem Brundtland.

According to political analysts here, the current voter mood is very fickle, however, and it has been estimated that not since World War II have voters been so volatile. The latest opinion polls indicate that the Labor Party has lost ground in recent months with an upsurge in support for the maverick and populist Progress Party.

The election issues center mainly around unemployment and the environment. The Conservative Party, led by Jan Syse, continues to focus its attention on challenging Labor. For the moment, it seems to be paying less attention to the rightist Progress Party, headed by Carl Hagen, which advocates a restrictive policy toward Third World immigrants and widespread privatization of state-owned enterprises. It is not

unforeseeable, though, that in the event of a major workers' switch toward the Progress Party, the Conservatives could begin talking of an opposition coalition.

According to analysts, the most likely election scenario is that, while failing to win a clear political mandate, the Brundtland government will remain in power for another four-year period due to the lack of a cohesive alternative.

Whatever the outcome, however, no single political party will come to command a clear majority; this will mean that economic strategy will continue to be based on a center-influenced consensus that the economic and financial spheres should be gradually liberalized.

Although the overall economy looks set to resume a more stable course after a turbulent spell in 1986-88, the bleak unemployment outlook has left its mark on voter support for Labor. The non-socialist parties seek set to win a majority of parliamentary seats again, but deep divisions among the former coalition partners—the Conservative, Christian People's and Center parties—make an alternative center-right coalition doubtful.

Moreover, the emergence of the far-right

Progress Party as a force in Norwegian politics has confirmed the moderate parties' support for government. The Labor administration, by discarding its traditional socialist-oriented platform, has made a virtue out of necessity and registered some success in pursuing restrictive economic policies.

However, its willingness to compromise

Voter volatility has reached a postwar high.

on a number of issues, including tax-reform proposals, also means that the government has lacked the political resources to tackle economic problems, such as excessive government spending, declining competitiveness and structural weaknesses in the nonoil industrial sector.

According to a number of recent opinion

polls, Labor currently commands around 30 to 33 percent of popular support, with one survey putting it as low as 29 percent—far short of the 40.8 percent it won in the 1985 general election, and lower than the 34 percent registered in year-end surveys.

To its left stands the Socialist Left Party, which holds around 7 to 7.5 percent support at the moment and which would probably throw its weight behind a Labor administration.

The two right-wing parties, the Conservatives and the Progress Party, have polled around 37 to 43 percent between them, compared with some 34 percent in the 1985 election. All of the gains have been made by the Progress Party, which in the latest polls registered between 15 and 18 percent of electoral support.

If such a result were repeated in September, this pattern of support would make Progress an important third force in Norwegian politics and leave the socialist bloc with far fewer seats, raising the question of whether Labor would wish to resume the reins of government.

If these two parties win a 43 percent share of the popular vote, as the upper region of the latest opinion polls indicate

might happen, this could prove sufficient for them to command a working majority in parliament. However, they would probably have to rely on support from the center parties in order to govern, and this could prove difficult to obtain. Both center parties are on record for refusing outright to cooperate with the Progress Party.

WHOOVER TAKES power in September will find significant economic and financial problems to tackle. It is generally agreed that Norway, as a net exporter of petroleum, cannot continue to use up its resources of offshore oil and natural gas to compensate for the continuing structural shortcomings in its mainland industrial sector. This factor will loom large in political and economic considerations well into the next decade.

After a three-year period of stagnation sparked by the oil price collapse in early 1986, the Norwegian economy is showing strong signs of revival as a result of diversification in the manufacturing sector. Restrictive policy measures enacted by the

Continued on page 16

Insuring the Future: Costs Threaten Welfare State

By Tone Skårvald Tobiasson

OSLO—In the 1970s, Norway as a thriving welfare state was the envy of the world—especially as oil money started pouring in from North Sea drilling. Today, the smooth facade is showing serious cracks, and there are those who are even predicting the collapse of the entire social insurance system if nothing is done.

"The young wage-earners of today should most definitely take out private insurance," says Hermod Skånland, director of Norway's National Bank. "There is no way national insurance can cover the costs in the future, without becoming an

inverted Robin Hood system with tomorrow's rich pensioners stealing from their poorer wage-earning children. In the year 2040 there will only be two wage-earners per pensioner."

Today, there are three wage-earners per pensioner; in 1967, when the Norwegian National Insurance Act went into effect, there were five.

Over the years, the act has evolved to include benefits in the case of sickness, physical defect, pregnancy and confinement, unemployment, old age, disability, death and loss of supporter. And during the oil-rich 1970s, social and welfare benefits seemed to multiply, since with the revenues Norway could certainly afford to take care of everyone.

"Seemingly a perfect system, but now the bills are starting to come in, and we're having trouble paying them," says Carl Hagen, leader of the Progress Party, to the right of the Conservatives and Norway's third largest political party. "The oil money has already been spent, in spite of the government saying that they would invest it."

Erling Steigum, a professor of socio-economics, agrees: "When national insurance first started out, it was built on the principle of a fund. Unfortunately, our government deems this to be unnecessary, and the present system relies on taxation. But that presupposes population growth, something we did have in '67, but not today. When the baby boom generation

reaches retirement age after the year 2012, the costs will explode."

At the same time, Norway is facing another serious problem that adds to the burden: It is saddled with the highest unemployment rate in a long time. Not only do the 130,000 unemployed severely strain the welfare budgets, but those working with disablement cases are seeing an alarming increase in those numbers too—more than a doubling in the last year—as the long-term unemployed end up in this dead-end category as a last resort.

"The system covers up with quick and easy solutions the serious problems, without solving them," Mr. Hagen says. "We Norwegians like to be at the head of the class with our statistics."

The symptoms that something is seriously amiss are certainly there. With the sinking oil prices and a ballooning national deficit came the law to halt wage increases. Then followed the bankruptcies, the unemployment and the cuts in public spending.

"Of course, people get upset when you cut social benefits; but why should the state carry the entire burden?" Mr. Hagen asks. "We don't have to have long waiting lines for hospital operations or nursing homes. Other countries certainly don't."

Mr. Hagen is talking about introducing private hospitals and health care. So far the Labor government refuses to budge on its stand, recently leaving Norwegians with

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		1988	1987
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Cash Flow	NOKm	621	520
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Earnings per share	NOK	22.65	26.71
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Restless Norway / A Special Report

Strong Krone Leads to Discussion Of Linkage With Monetary System

By Brian Martin

LONDON — Norway's economy has staged an impressive recovery from the traumas of 1986 when a collapse in the oil price triggered a political crisis and a 12 percent devaluation of the krone. Since then, the Norwegian currency has traded within the limits of its trade-weighted basket range and there is even talk about an association with the European Monetary System.

The government does not rule out a possible linkage to the EMS, said a statement in the Revised National Budget presented on May 12. "Norway has a fundamental interest in stable exchange rates." The question of linking the krone to the EMS has arisen before but strong opposition from Hermod Skjotland, director of the central bank, probably rules out any association in the short term. Aside from central bank opposition, the main precondition for EMS membership is economic performance. Finance Minister Gunnar Berge said last November that Norway should consider joining only when the economy is in better shape. According to a central bank spokesman, "Joining the EMS would give the krone more stability and give us more freedom to bring down interest rates. But we must first clean up the economy."

When the EMS was launched in 1979, Norway declined to join as an associate member. But clearly the political and economic tide is turning in favor of closer links with the European Community; the revised budget indicated further liberalization of financial and currency regulations to adapt to the EC's internal market planned for 1992.

MEANWHILE, monetary policy will continue to be directed toward keeping the krone stable within its basket range of 109.50 and 114.50, with 112 widely believed to be the preferred level. "Within the range given by the exchange rate, however, monetary policy will play a role in influencing domestic development, primarily demand components such as private consumption and investment," Mr. Skjotland said in early May.

The domestic development the government would most like to see

is a reduction in unemployment, which has risen to a postwar record of around 4 percent — double the rate prevailing last year. Opponents of the minority Labor government blame restrictive monetary and fiscal policies. However, Prime Minister Gro Harlem Brundtland insists the country should continue its belt-tightening.

"The restructuring of the economy should be helped by the recent

from 41.4 billion kroner in 1986, and the government has revised its forecast for 1989 to a 13 billion kroner current account surplus from the 2 billion kroner deficit forecast a few months ago.

This improvement on the balance of payments has been helped by a slowdown in domestic demand and thus imports (down 3 percent last year on the mainland) fostered by tight policies, which helped bring inflation to April's

ment has also presided over a recent reduction in Norway's high borrowing costs.

THE IMPROVING outlook for oil and commodity prices has provided some leeway for the central bank to ease monetary policy, and the key overnight interbank rate, at which money is lent to commercial banks, has come down by 2.8 percentage points since May 1988 to 10.5 percent. On May 8, Mr. Berge said there is a prospect that interest rates could come down to the level enjoyed by Norway's trading partners.

The scope for further cuts in interest rates has been provided not just by the oil price recovery but also by the stability of the krone, which, after surviving rumors of a devaluation last November with the help of central bank intervention, has been commendably stable. While the krone has lost 8 percent of its value against a surging dollar since the beginning of this year, it has gained 2 percent on the important cross rate versus the Deutsche mark.

In February, a central bank spokesman highlighted the importance of the exchange rate when he said that "a combination of continued stability on the foreign exchange markets and a reduction in domestic credit expansion" led to that month's cut in the interbank rate, to 11 percent.

More recently, far from having to defend the krone, the central bank has intervened to prevent it becoming too strong.

A rush into the Norwegian currency in early May followed the decision to open the bond market to foreign investors for the first time in five years. On May 9, the day after the bond market opened for foreign business, the central bank sold kroner for dollars to dampen the local currency's advance in the face of surging capital inflows attracted by the high level of Norwegian interest rates and the prospect of capital gains.

Other steps toward liberalization will allow Norwegian citizens to buy bonds abroad and consideration of a more liberal attitude to the presence of foreign capital in Norway given that foreign investors are limited in their holdings of Norwegian companies.

BRIAN MARTIN is editor of *EuroMoney's Treasury Report*.

For now, Gunnar Berge opposes joining the EMS.



rise in world oil prices to just below \$20 a barrel. Norway is Western Europe's biggest oil producer after Britain and is due to take the leading spot some time in the mid-1990s. Oil accounts for 25 percent of export earnings and 10 percent of gross national product and the revised budget expects net oil and gas income to be 61.4 billion kroner (\$8.8 billion) in 1989.

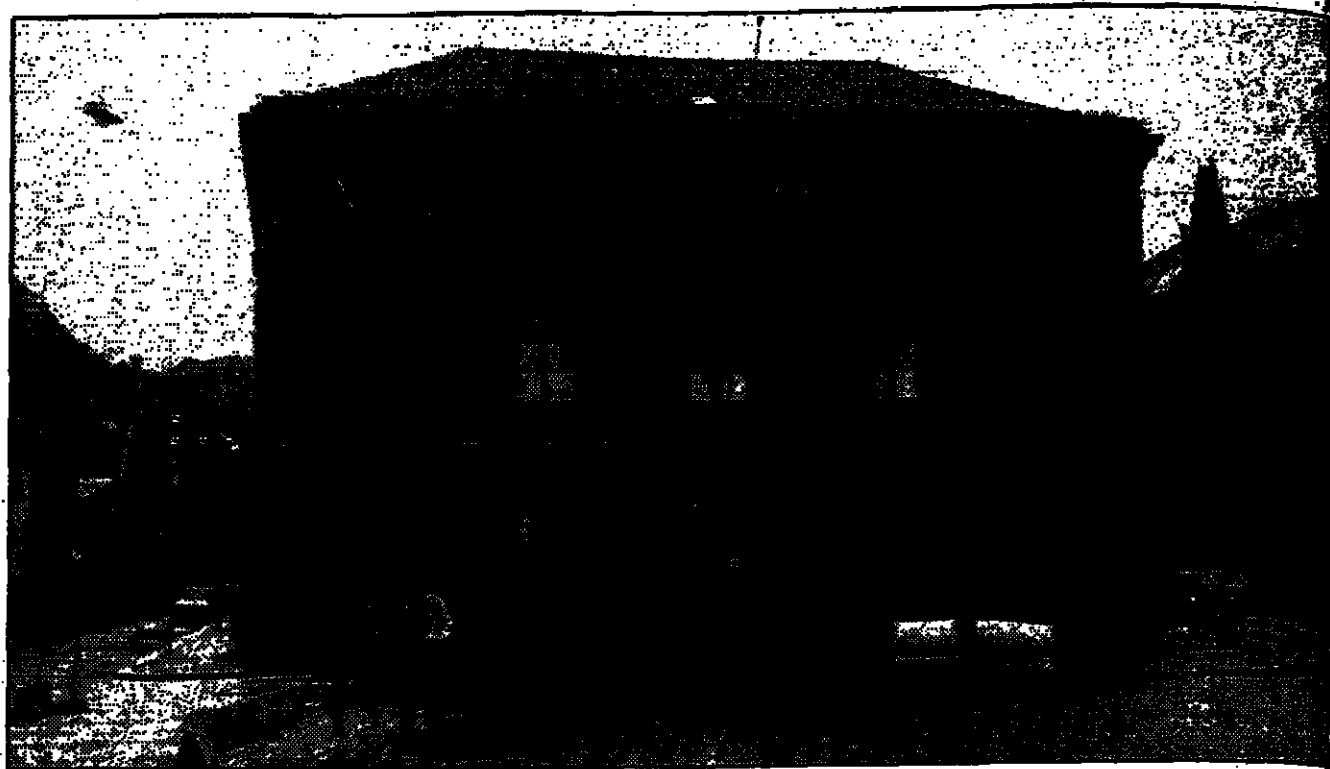
The dependence on oil has in the past exposed the economy to fluctuations in the world price and forced the government to adopt a strategy of diversification. Asked if he agreed with official projections of oil prices at \$25 a barrel in the 1990s, Mr. Skjotland replied: "The main point is not the particular price of oil used in the projections but that economic policy is geared toward a restructuring of the Norwegian economy, making us less dependent on the price of that one commodity."

Nevertheless, oil remains a dominant factor in Norway, and the recent increase in world oil prices, along with an improvement in the performance of the traditional export industries including wood and light metals, has helped to improve the outlook on the current account. The deficit narrowed to 13.5 billion kroner last year

annual 4.6 percent from 7.2 percent in April 1988. But last year's current account improvement was largely due to soaring exports, which jumped 20 percent on the mainland measure. The big challenge now is to maintain the current account and inflation improvement while bringing down unemployment.

On March 2, the government said it planned to extend a one-year wage law introduced in March 1988, so it could restrict pay rises to less than 4 percent from April 1 this year. The government and major unions agreed during annual wage negotiations on a maximum three kroner per hour rise in 1989 giving an average increase of 3.7 percent. That level forms the basis of the new law, applied to all sectors of the economy.

At the same time, the government also announced an emergency package of 5.4 billion kroner to cut unemployment by 30,000 to 35,000, which would equal about one-third of the jobless total. These measures are designed to back up Labor's commitment to maintaining full employment in the welfare state founded at the end of the World War II. Apart from fiscal measures, the govern-



Norges Bank and the Guarantee Fund intervened to assist a medium-sized domestic bank, Sunnmørsbanken.

Bank Sector Lean but Competitive

By Michael Metcalfe

OSLO — Norway's troubled banking sector, hit by record losses on loans and guarantees over the past two consecutive years, is emerging from crisis with its retail banking, business in leaner but more competitive shape.

While stringent cost-cutting measures have sliced deep into commercial and investment banking, a combination of paring workforce levels, trimming loans and scaling back securities exposure has helped the commercial and savings banks return to a measure of stability and improved profitability.

Judging by first-quarter 1989 results, Norwegian commercial and savings banks are well on the road to recovery, boosted by improved interest rate margins, extraordinary earnings from the sales of securities, and cost reductions springing from staff cuts and closures.

By May 1989, there were 29 domestic commercial banks in Norway, with combined assets at the end of 1988 totaling 352 billion Norwegian kroner (\$49.8 billion); this represented a 4.2 percent drop from end-1987 levels after most banks had trimmed loan volume following severe losses on loans and guarantees during 1987-88, according to data recently released by the Norwegian Commercial Banking Association.

The three major commercial banks — Christiania Bank of Kreditkassen, Bergen Bank and Den norske Creditbank (DnB) — topped the list in reporting heavy losses on loans and guarantees over the past two reporting years. In fact, it was Norway's traditional retail banking sector that bore the brunt of the stiff cost-cutting measures purging losses on loans and guarantees calculated to have reached a record 8.5 billion kroner in 1988.

Even though the main source of the losses, which were almost double the 1987 total of 4.3 billion kroner, stemmed from bad loans to business and industry, bank customers across the spectrum of

retail, private and corporate banking are having to pay higher fees for bank services.

Commercial and savings banks, which chalked up net losses on loans and guarantees of 3.2 billion and 3.3 billion kroner, respectively, in 1988, have all raised fees on personal checks and postal accounts. In doing so, the banks

29 commercial banks alone are estimated to have lost a total 8.5 billion kroner over the two years, against a total deficit of 5 billion between 1986 and 1988.

The worrying developments in Norwegian banking were highlighted last September when Norway's central bank, Norges Bank, and the commercial bank-backed

the sector to take advantage of the instrument — essentially a hybrid share/bond vehicle dubbed primary capital certificate (PCC) — by raising 100 million kroner in fresh funds.

The nine foreign banks operating in Oslo have not been immune to the banking crisis affecting the domestic sector. While none —

Customers across the spectrum of retail, private and corporate banking are having to pay higher fees for services.

have begun to recuperate some of the revenue lost on high operating costs while nudging more retail customers into using cost-saving electronic bank tellers.

To further cut operating costs, the banks are in the process of cutting the number of their employees by 2,500 and closing a number of branch offices. In this area of cost paring, the savings banks in particular stand out as having been highly aggressive.

For example, the top 16 savings banks cut staff levels by between 2 and 3 percent in 1988 and further workforce reductions of 4 percent are planned for this year. The fact that first-quarter operating costs rose marginally to 1.17 billion kroner, equivalent to a slightly lower 3 percent of total assets, compared with year-ago levels of 1.16 billion kroner, equivalent to a slightly lower 3.23 percent of total assets, respectively, reflect the degree of success savings banks have achieved in paring operating costs.

Nevertheless, personnel costs still account for a high 48 percent of total operating costs.

Losses incurred by the Norwegian banking sector have exploded in the last two years. When 1987 and 1988 figures are combined, Norwegian banks have lost more money than in all of the 40 years since the end of World War II. According to the Commercial Banking Association figures, the

Guarantee Fund intervened as lenders of last resort to aid troubled Sunnmørsbanken, a medium-sized domestic bank.

However, Norwegian bankers for the most part insist that the bailout was an isolated case in terms of solvency problems.

"One thing Norwegian banks have in common, with the exception of Sunnmørsbanken, is that they have substantial reserves in the form of equity and capital base," said Erling Selvig, chairman of Norway's Bank and Securities Inspectorate. "No other bank is in the same situation."

Still, disagreement arises on the question of future capital ratio requirements — particularly in light of meeting 1992 recommendations as laid down by the Cooke Committee. Sverre Walter Rostoft, vice president of commercial bank Kreditkassen and former head of the Commercial Banking Association, estimates that Norwegian financial institutions will need more than 30 billion kroner in fresh equity over the five-year period 1988-92.

The Norwegian savings banks' search for fresh capital was highlighted recently by the appearance of a new form of financial instrument used exclusively as a means for the sector to generate new share capital.

Norway's fifth-largest savings bank, Sparebanken Vestfold, recently became the third bank in

with the exception of two French subsidiaries — Banque Nationale and Banque Paribas, and Swedish Inter Nordisk Bank — reported losses on loans and guarantees; their ordinary net result was in many cases meager or, in some instances, negative.

For example, Banque Paribas was the biggest loser among the foreign banks represented in Norway, registering 1988 net losses on loans and guarantees totaling 2.4 million kroner against zero in 1987, while its net result translated into a 13.5 million kroner loss compared with a 1.1 million profit the previous year.

The losses incurred by Banque Paribas may be one reason behind the recent decision to divest the subsidiary to small Norwegian commercial bank Oslobanken, ranked 10th in terms of deposits and balance sheet total in the list of 29 banks making up Norway's commercial banking sector. Proceeds of the divestment will be placed in subordinated convertible loan to Oslobanken, which will be entitled to conversion rights after two years.

Commanding combined assets in excess of 6 billion kroner, Oslobanken will be able to make use of Banque Paribas' customer network in Norway, as well as forging European business links via Banque Paribas' extensive outlets in both the French retail customers and corporate client spheres.

Support for Labor Party Wanes

Continued from page 15

current government since mid-1986 have helped to slow the belt-tightening expansion of previous years, particularly in the area of domestic demand.

Barring unforeseen global economic developments, GDP growth in 1989 should reach 2 percent, mainly as a result of strong oil production and exports, although domestic demand is likely to contract again. This growth rate compares with 0.9 percent and 0.8 percent, respectively, in 1987 and 1988.

By the end of 1989 and into 1990, continued progress in reducing the external deficit on the current account balance and in coming to terms with the huge loss of oil revenues since 1986 will allow the government to gradually relax its restrictive policy stance.

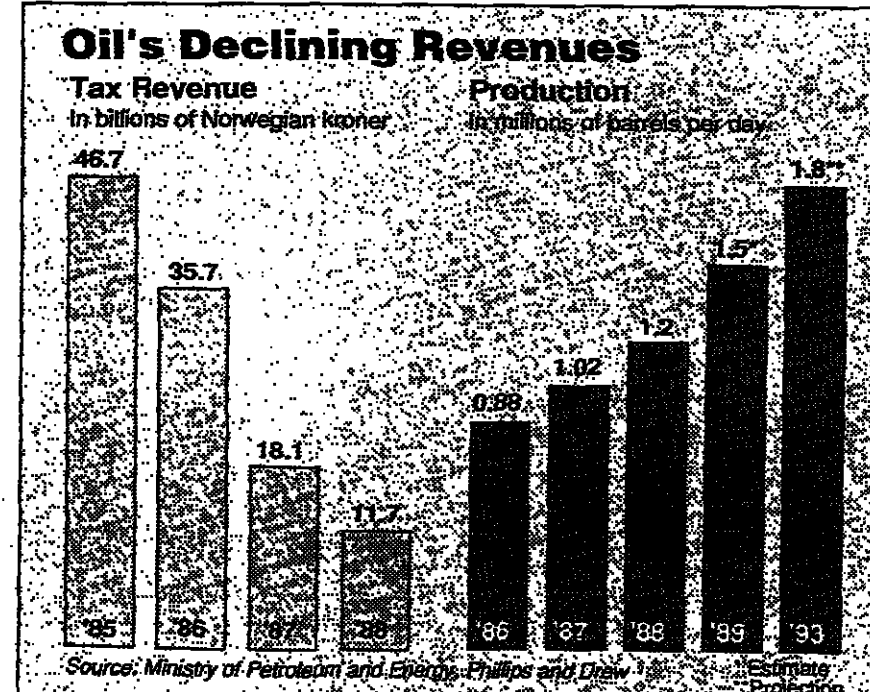
Private consumption growth contracted sharply in 1987 and 1988, mainly as a result of the rebuilding of the household savings ratio. Since 1986, the rapid rise in domestic demand, fueled by rising income, easily available credit and relatively lax fiscal policies, has been curtailed by successive tight government budgets, clamps on consumer lending and higher taxes.

High interest rates, low real earnings growth and a further slight increase in taxes will likely produce very sluggish growth in disposable income in 1989, resulting in another year of contracting private consumption. Public expenditure, however, continues to show positive growth, with the government's fiscal tightening oriented more toward increasing revenues than reducing expenditures.

The final revised 1989 budget allowed for a slight easing in policy, motivated by the approaching election, and is likely to be broadly neutral in its impact on the economy. Public spending growth, then, will quicken slightly to some 1.5 percent in 1989 from 0.8 percent in 1988.

Inflation, as measured by the consumer price index, is slowing from the excessively high levels of 1987 and 1988, and is set to expand by no more than 5.5 percent in 1989 after 6.3 percent in 1988, subdued by lower wage increases feeding through into more restrained prices.

Moderating prices and incomes remains a lynchpin in the government's economic strategy, although a forecast increase in average hourly earnings of some 7 percent for 1989, against 6.1 percent in 1988, is high and detri-



mental to efforts to improve Norway's terms of trade and exporting competitiveness.

Unemployment is the blemish on the government's economic record. A potential political time bomb, the jobless rate has surged from an annual average of 1.6 percent in the 1970s to current levels of over 4 percent. Despite a 5.4 billion kroner (\$763 million) package of emergency measures to tackle the problem, announced in March, the unemployment issue could damage the government's standing ahead of the September poll.

The package will also take its toll on the fiscal budget, which will now show a 3.4 billion kroner deficit in 1989, instead of an earlier estimated surplus of slightly over 1 billion kroner.

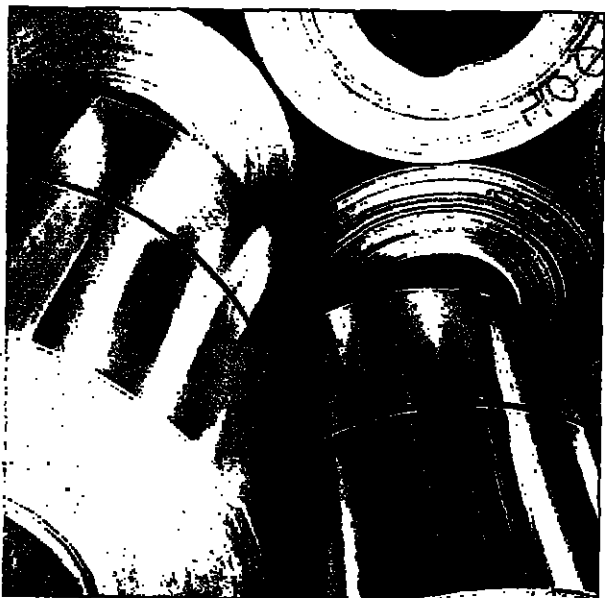
Notable success has been achieved in ironing out severe imbalances in the trade and current-account components of the balance of payments, which was buffeted by the oil price

collapse of 1986. A stabilization of the oil price, followed by a steady upward trend, coupled with a robust dollar, have helped to ensure that the deficit on current account was halved to 13.5 billion kroner in 1988 from 28 billion in 1987, having soared to 41.4 billion kroner — 8 percent of GDP — in 1985.

The improved trade outlook, which is set to continue in 1989 and 1990, continues to derive from a higher export value for secondhand ships, as well as for oil and gas, and to an improvement in mainland Norway's trade balance — that is, goods other than oil and ships.

This will translate into a surplus on current account in 1989, with some national agencies forecasting the surplus in the region of between 5 and 15 billion kroner by the end of the year if oil prices and the dollar rise further.

MICHAEL METCALFE is a Nordic correspondent for *Business International*.



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Restless Norway / A Special Report

Welfare State Is Threatened
By Costs and Aging Population

Continued from page 15

the compromise of a private "sick-hotel." But Tove Strand Gerhardsen, the minister of social affairs, indicated no one should be allowed to buy their way out of the sick queues, since that would favor those who can afford private care.

In the meantime, the grumblings are there at the grassroots level. Attend any dinner party made up of young wage-earners, child-bearing couples, and the conversation will inevitably turn to the crumbling

In 1967, there were five wage-earners per pensioner; today, there are three.

welfare state. Everyone seems to have a horror story of how badly the system works, in spite of the fact that 37.1 percent of the total state budget is earmarked for the Ministry of Social Affairs. Not only do they complain about impossible child-care facilities, overcrowded and understaffed hospitals, negligent health care, closed schools, waiting lists for overcrowded nursing homes, several months wait for unemployment and other benefits, but many seem to have taken Mr. Skånland's advice to heart. They plan to secure their own old-age pensions.

Actually, half of the nation's wage earners already have private insurance policies, or collective arrangements through work or labor unions. The typical policy promises 66 percent of one's wages at retirement, 45 percent of the sum covered from the National Insurance Scheme. But as the government may reduce its guarantee in the near future to 42 percent, both insurance companies and policy holders are reading the fine print closely to see what happens to the 3 percent — a shortfall some insurance agents say could very well increase at some later date.

With the present system of wage earners paying 7.9 percent of their wages, with employers paying up to 17.2 percent on behalf of the wage earner, the state will still have to subsidize the national insurance program with 76 billion Norwegian kroner (\$10.9 billion) in the next 30 years. While the welfare ex-

penses represented 9 percent of Norway's disposable income in 1967, they represent 16 percent today. In 2040, costs are expected to reach 30 to 32 percent.

One alternative is to raise taxation at least 7 to 8 percent, according to Mr. Skånland. With 900,000 claiming pension and long-term benefits today, this amounts to an almost 50 percent increase by the year 2040. This does not include those receiving maternity and sick benefits which today number 400,000.

The Conservative Party has recently suggested that the government should establish an oil fund — now that prices are up again — in order to help ease the burden for future generations. The same suggestion has been made before, as Mr. Hagen has pointed out. But the main theme in the reports from the governmental social affairs and finance committees, which are about to be voted on in parliament, is that those who earn the highest wages — and, thus, in the future will become the heaviest burden to the National Insurance Scheme — will not get their money back. They will have to accept a ceiling on the amount of their income that can be counted toward pension benefits.

Increased taxation of those who receive pensions has also been suggested as a way of alleviating the financial burden on social insurance — this year's deficit is 12 billion kroner — though already Oslo alone has gone 30 percent over its social budget.

The National Insurance Scheme will honor its obligations to refuse to consider readjustments in the direction of a lower basic pension and a supplementary private pension, the government points out.

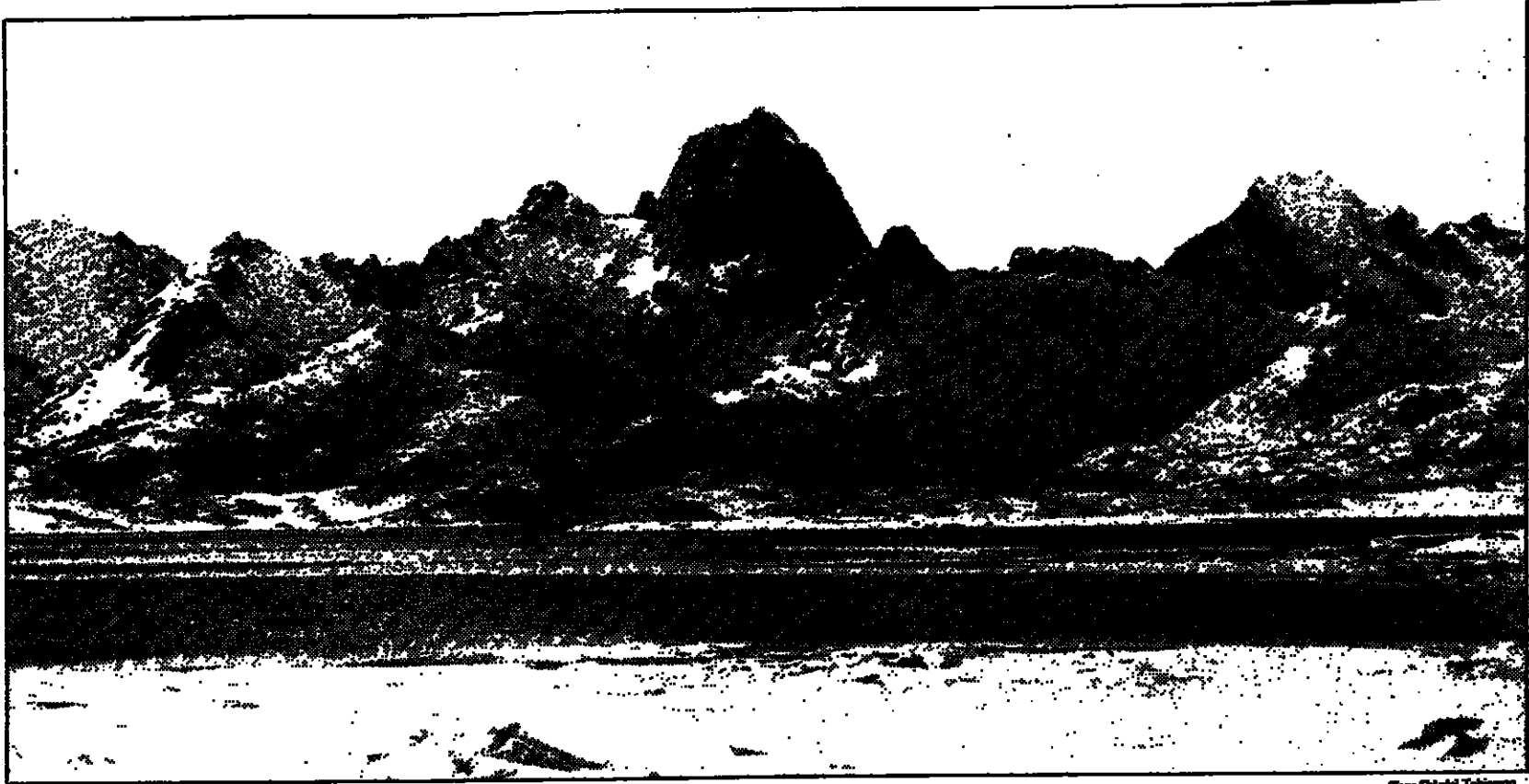
And here seems to lie the basic disagreement between Mr. Skånland and Mr. Hagen on one side, and the government on the other. While the two would like the basic pension to remain as a safety net — paid by the state to everyone regardless of income — they would prefer the income-based supplementary pensions that will cost the state enormous sums in the future to be handled by outside insurance companies.

"It is easy for today's politicians to make promises, since they are not the ones who will have to underwrite the bills," says Mr. Skånland.

Mr. Hagen says, "The government has woven its own web, and since this is an election year, no one dares take the consequences. We chose to shove the problems in front of us."

It may be debatable that the government is consciously ignoring the shortcomings in the welfare state, but one thing is certain: It may pay off for Norwegians to be nice to their children — since they are the ones who will eventually have to pick up the tab for continued social benefits.

TONE SKÅRDAL TOBIASSON is features editor of *Det Nye* in Oslo.



For passengers on the coastal steamer, the Hurtigruten, some of the most dramatic scenery comes during the passage through Versterlan.

Hidden Oslo, and Then to the Midnight Sun

By Tone Skårdal Tobiasson

OSLO — When most tourists think of Norway, visions of the midnight sun, fjords, Vigeland Park, and the Holmenkollen ski jump spring to mind. But there is more to Norway than that.

The most popular tourist attractions in Norway are by far the Geiranger fjord and Vigeland Park. But many foreigners who have Norway on their summer's itinerary often believe that a quick few days in Oslo — with an hour's jaunt out west — is enough to cover what the Land of the Midnight Sun has to offer.

Well, Oslo does have much to offer, though it is neither polar bears nor the midnight sun. Oslo, celebrating its 175th anniversary as the country's capital — before



The fish market in Bergen, on Norway's west coast.

Wild forests are minutes from the city center.

1814, Bergen, Trondheim, Copenhagen and Stockholm had all had that honor — has only these last years blossomed into an international city, though still with many of the qualities that keeps it a small town. What other European capital can boast such wild forests only minutes from the city center? Or moose roaming the streets in severe winters?

"Oslo — you won't believe it!" is the city's slogan for 1989, and a visit should include the Vigeland Park, the Munch museum, the Holmenkollen ski jump, the Viking ships, the Kon Tiki and the Folkemuseum — which presents a Norway in miniature. But Oslo has exploded into the 20th century. Take, for example, the Fornebu-Oslo airport — which used to be jokingly called "the cafeteria with a landing permit." Now it has a modern and international flair.

These days, Oslo boasts a myriad of fun shops, along the main street of Karl Johan, in the quarter behind the City Hall, in the old shipbuilding halls at Aker Brygge and inside the completely new Oslo Gallery. Also exciting restaurants — try dining in Tøsen's favorite haunt, the Grand Café, or the newer Costa Brasserie, Bagatelle, Lafayette, Theatercaféen and Hos Tea. Night life is bustling and colorful around Spikervilla ("the nail shop"), the fountain between the parliament and the National Theater.

But there is also the hidden Oslo, which few tourists discover and which gives the capital its village-like flavor. While visiting the Viking ships and the Kon Tiki, stop by the Lille Herberne cafe for lunch; you have to ring for the ferryman to bring you across to the island. Or take a four-wheel

safari in Oslo's surrounding forests, where you can pick wild berries and flowers. Take a cruise on the Oslo fjord — but buy a fresh loaf of bread, some butter and mayonnaise first, so that you can pick up boiled shrimp directly from the shrimp boats in front of City Hall. Enjoy them on board in the salty air, or on the grassy slopes of the Akershus Fortress overlooking the bustling harbor.

UT IF YOU want to see the real fjords, the midnight sun and perhaps a polar bear roaming the streets, then there is a chance to spend the most relaxing 11 days of your life while some of the world's most spectacular scenery passes before you. All you have to do is

board the Hurtigruten, the coastal steamer, in Bergen — preferably after visiting Edvard Grieg's home and all the other attractions of the Hanseatic town — and it will take you all the way to the North Cape and as close as you can get to the Soviet border.

This is not a tourist boat, though during the summer months you will share deck chairs with every nationality imaginable. This is actually the main means of communication for the Norwegians who live along the northern coastline. So don't be surprised if what seems to be the entire population of a fishing village lined up on the wharf when you dock along the 1,250 sea miles of "highway."

Since the ships — 11 in all —

must hasten on with mail and cargo, there are special outings tourists can join in order to see the more out-of-the-way attractions. Tours are arranged through the breathtaking Geiranger fjord, up the Eaglturns and Trollstigen. You can take a detour via Saltstraumen — both more dangerous and wild than the Macdonald further north, which so fascinated Edgar Allan Poe and Jules Verne.

And then there is Tromsø — the Paris of the North — where, way past midnight, you can enjoy your beer at Strandtorget Gjestgiveri in full sunlight. Nightlife in Tromsø is what gave the city its nickname. And do not be surprised if you stumble across a Lapp family, dressed in full regalia for their day of shopping in the big city.

En route by bus to the North Cape, you will also most certainly pass reindeer herds. And here you can sip champagne in the world's most northern bar. Or enjoy the new videograph presentation on a 225-degree screen — or just the view of the Arctic Ocean and its awesome forces.

King Neptune even comes on board when you pass the Arctic Circle. And before the ship turns around and heads back south from Kirkenes, you can join the bus tour to the Soviet border (no cameras allowed).

Perhaps the most spectacular part of the trip is when you pass through Lofoten and Vesterlan, where the north Norwegian Alps tower dramatically overhead.

The countryside is crawling with history: from the Stone Age, the Bronze Age and Viking times. People have inhabited these remote areas for more than 5,000 years. You can spend an entire vacation here in a rented *rorbu*, the small fishing huts the Lofot fishermen inhabit during the winter season. And the waters are full of fish and shellfish for those who want to enjoy the fruits of the sea.

The people of northern Norway are among the friendliest anywhere. You may be invited in for some *karst*, coffee with home-brewed and strictly illegal liquor. Maybe it is the cold weather that makes for such warm hearts, even though summer temperatures can soar inland. But more likely it is the fact that people up north always have plenty of time. The elements have taught them patience — and the ability to relax. When the winter storms rage, there are no deadlines or timetables.

Perhaps that is the real secret behind vacationing in the Norwegian way: escaping from a hurried, everyday existence. As the midnight sun spreads its fairy tale light on the still waters, the rugged mountains and small farms that claw a living from the hillsides, you may find hidden chords struck in your soul. Many a famous writer or painter has

Consensus Emerges on NATO

Continued from page 15

ues. The carrier Baku recently joined the Northern Fleet. Furthermore, the carriers now under construction in the Black Sea must eventually go somewhere. Norwegians fear they will find some of them on their doorstep.

The Soviet Air Force has also now stationed a regiment of about 20 aircraft of its most capable bomber, the Backfire, on an airfield on the Kola Peninsula. Before, they deployed there only for exercises.

While a few Norwegians are willing to accept Soviet assurances that they have no intention of attacking them, the vast majority feel more comfortable allied with the United States in NATO. That Norway is not a member of the European Community only increases its feeling of isolation and dependence on its North American ally.

The Pentagon is not at all unhappy with this situation, since its interest in Norway has not diminished. On the contrary, the U.S. Navy has been pressing for increased support facilities. It would like to improve an airfield on the Lofoten Islands or the mainland, to be used for aerial resupply of U.S. aircraft carriers. It also wishes to improve the maintenance facilities in some Norwegian ports.

The Norwegian government has not been in a hurry to respond to these requests. Last fall, the defense minister, Johan Joergen Holst, wanted to wait until he saw whether this U.S. Navy interest survived the November U.S. elec-

tions and a reduced defense budget. It has.

Asked what his current attitude is, Mr. Holst said that the U.S. Navy proposals are under study. He added, however, that Norway is interested in maintaining a presence by the U.S. Navy in this part of the world.

On the other hand, national elections will take place in September. With Prime Minister Gro Harlem Brundtland having achieved a consensus within the Labor Party, she will have no interest in a debate over additional arrangements for the U.S. Navy. Until, therefore, the elections have taken place, the U.S. Navy will have to temper its impatience.

The U.S. Marines also have an abiding interest in Norway. Having spent nearly a half billion dollars on pre-positioning matériel in central Norway, they are pretty well committed to deploying a brigade to Norway in any crisis.

Although the Marines have come to Norway for many years, their exercises will reach a climax in 1991. At that time, a brigade will for the first time exercise the NATO contingency plans for their reinforcement of Norway. The brigade will deploy to central Norway by air, where it will meet up with its equipment. It will then move by coastal vessels to north Norway for an exercise with Norwegian and allied units.

Soviet officials note that this exercise activity is in contrast to exercises by the Soviet Navy. After several decades of increasingly aggressive exercise activity around Norway, it has for several years stayed pretty much in the Barents Sea.

While noting this, Norwegians are more concerned about the growth of the forces on the Kola Peninsula than where they exercise.

Norwegian political leaders are also watching closely the debate in Sweden about visits by NATO naval vessels to Swedish ports. The left wing of the Swedish Socialist Party has been pressing the government to insist that these vessels state whether or not they have nuclear weapons on board.

Norwegian Foreign Minister Støttenberg recently made it clear in an interview in the Swedish press that Norway would not welcome a change in Swedish policy on ship visits.

A few years ago, there was some agitation within the Norwegian Labor Party for a tougher policy about ship visits. Mrs. Brundtland soon sat on this. As most Norwegians do, she understands that Norway cannot tell the U.S. Navy in effect that it is not welcome in Norwegian ports and also expect the U.S. to be anxious to reinforce Norway in a crisis.

In the end, the bottom line of a country's attitude toward its security is its defense budget. The Brundtland government has decided that a 2.5 percent increase is now enough. A few years ago, the increase was 3.5 percent. Thus, Norway is concerned about its security. Given the pressures on its budget, however, it has decided it is not as concerned as it was.

JOHN C. AUSLAND is a frequent contributor to the editorial pages of the *International Herald Tribune*.

The Recovery Is Deceptive

Continued from page 15

ships, at 13.1 billion kroner for 1989, laying the ground for a renewed balanced economic growth, he said.

From 1986 to 1988, mainland Norway's domestic demand declined by 4.5 percent. It is expected to fall a further 1.8 percent this year, while the mainland Norway GNP is expected to remain unchanged.

The economic squeeze to which Prime Minister Gro Harlem Brundtland's Labor minority government put Norwegians has indeed produced some impressive results.

The external economic surplus is due to a sharp decline in commodity imports, a vigorous export increase in oil, gas, aluminum, nonferrous metals, fish and other products, as well as rising oil production, higher oil prices and an increase in dollar rates.

At the same time, wage costs in manufacturing industries were expected to increase by only 3.25 percent this year. This is aided by a temporary pay regulation act, restricting wage and incomes growth, improving further the cost competitiveness of the manufacturing industry.

The most impressive result of Mr. Berge's economic turnaround, however, has been lowering the rate of inflation.

Between early 1987 and early April this year, inflation has been reduced from 10 percent to 4.6

percent, below the average of the OECD countries.

At the same time, the interest rate on the Bank of Norway's overnight loans to banks has been lowered by 3.3 percentage points, to 10.5 percent. Pressure from the public and, subsequently, the government has forced down interest levels of commercial banks and loan institutions.

One serious consequence of Mr. Berge's cure-or-kill remedy is rapidly rising unemployment in a country accustomed to a rate between 1.2 and 2 percent. It now stands at 3.2 percent, with extensive and costly measures to stem the tide of joblessness.

The government has listed the following factors that are expected to contribute to a turnaround in domestic demand and activity and a rise in the demand for labor during the next 12 to 18 months:

• In the major export industries, profits have been high in the last couple of years, and previous experience suggests that this will initiate an increase in manufacturing investments.

• Lower interest rates and improved competitiveness are expected to have favorable effects on business investments.

• Finally, after a marked decline since 1986, moderate growth in private consumption is expected.

Norwegian economic experts pointed out, however, that all sides should continue to show moderation. Both employers and employ-

ees should soon feel an easing of pressure after the tough economic period, they said.

Despite Mr. Berge's optimism, they warned that international market trends were not in Norway's favor. In 1986, all curves peaked for Norway, but abroad the situation was the opposite, which meant that Norway had been out of step with developments on the international economic scene for several years, the experts said.

Mr. Berge's economic squeeze has also left a trail of shattered parts of the welfare system.

Critics, from both within and without the Labor Party, say the squeeze went too far and that it may cost the survival of Mrs. Brundtland's government in next September's general elections.

Mr. Berge's good news on the external economic front were welcomed but hardly understood by the grassroots voter, who is witnessing the deterioration of social services and growing unemployment, critics said.

Mr. Berge himself could not explain why his successful economic turnaround failed to materialize into increased support for Labor. He stressed, however, that he would not let his economic policy be decided by gains or losses on public opinion polls.

HENRY HENRIKSEN is a financial journalist based in Oslo.

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SPORTS

Big Prizes, Little Glory for Overshadowed Doubles Winners

By Nick Stout
International Herald Tribune
PARIS — You won't find his name among the 128 men who entered the men's singles draw here, but you can see him on the courts playing tennis. And he could well leave Paris with a trophy.

John Fitzgerald of Australia is one of the few people who came to the French Open for the sole purpose of playing doubles. And why not? The winning team will split about \$100,000.

"The first thing you have to do to win doubles is to pick a good partner," Fitzgerald said the other day. "And I picked the best."

He and Anders Jarryd of Sweden make up one of the better doubles teams around, and with the surprising first-round loss of Jim Pugh and Rick Leach, who had been seeded No. 1, they are now the favorites to win the French Open.

Nowadays the prize money is such that consistent winners can earn a good living playing mainly doubles. But it is always the singles stars who reap recognition; there is little glory in dominating doubles.

"The crowd generally comes to see the big names first and then goes off to see some doubles," Fitzgerald said, conceding that doubles does not get as much attention as he would prefer.

"I think you'll find that people actually enjoy doubles as much, if not more, than singles a lot of the time," he said. "But the problem is that the big-name players like Connors and Lendl don't play doubles very much. If they started playing more, it would give more credit to the game."

As it is, when the singles stars do decide to enter doubles, they often lack the preparation to play well. The result is that skills give way to slapdash, something that can be frustrating to serious doubles players. They want a competitive match, but they also want to please the spectators.

A case in point was the Fitzgerald-Jarryd encounter Thursday with Jimmy Connors and Vitas Gerulaitis. Connors had casually remarked that he was playing doubles only to get in some practice time for his singles matches. But when it came time to play his first doubles match, he was already eliminated from the singles. So the elderly American, 36, showed up for the match carrying crutches to amuse the crowd.



In the United States, doubles doesn't really get too much attention. It needs to get more media coverage.

Jim Pugh, half of the Pugh-Leach team.

"They just wanted to have a good time," Jarryd complained after he and Fitzgerald triumphed, "but we had to win the match. If we had lost our concentration, we could have been in trouble."

Fitzgerald, a respectable singles player when he's not on clay, agreed.

"Playing matches like that are terrific for the public," he said. "They wanted to see Connors and Gerulaitis play. But we're the No. 2 seeds; we're serious about this. We want to win this tournament and we need to win each match. So it's a bit hard to fully enjoy. I would have enjoyed it a lot more from the side of the court."

The side of the court is where Pugh and Leach, both Americans, were relegated after their inexplicable loss to the makeshift team of Alex Antonitsch of Austria and Richi Osterlun of West Germany.

"I feel lucky to be considered part of the No. 1 doubles team right now," Pugh said. "But we can't always play well."

Pugh, 25, and Leach, 24, won seven tournaments last year and

four already this year, including the Australian Open.

Like Fitzgerald, Pugh lamented the relative lack of interest in his specialty.

"In the United States, doubles doesn't really get too much attention," he said. "It needs to get more media coverage. A lot of time we go out to play and they say, 'Here is the No. 1 team, Jim Pugh-Rick Leach' and people say, 'I thought it was Flach-Seguso.' They only know this one name. At least they know one name. But there are many good teams."

He was referring to Ken Flach and Robert Seguso, two Americans who skipped the French Open but who have been chipping well together for years, winning the U.S. Open in 1985 and Wimbledon in 1987 and 1988.

Clucking, of course, is the key to success in doubles, and it comes largely by chance.

Pugh and Leach, Californians who have known and played against each other since their junior days, teamed up spontaneously at a tournament in 1986. They won it, then stayed together and took five more tournaments that year.

"We match up our games pretty well," Pugh said. "I return well, and Rick plays the net very well. There was more. We have a good rapport with each other on and off the court," Pugh said. "It can be the worst match we've ever played, but neither one of us will get down on the other. We don't do that. We always try to help the other person and keep going until the end. And sometimes it's paid off. We've come back to win some matches that I thought we had no chance in."

Pugh is also the reigning mixed-doubles champion in the Australian and U.S. Opens. He won those events with Jana Novotna of Czechoslovakia, a very accomplished doubles player.

Even so, Pugh, who lost his opening singles match here to Boris Becker, has reservations about a future dominated by doubles.

"I think I could be doing a lot better in singles," he said. "But it's tough because I'm playing so many more doubles matches than singles. It's taking more of my time."

Pugh and Leach beat Flach and Seguso in the semifinals of the U.S. Open last year but had to default the final when Leach became ill. As for their loss here, Pugh was philosophical.

"It just might make us better prepared for Wimbledon," he said.



John Fitzgerald, above, and partner Anders Jarryd, are hoping for a \$100,000 French Open payoff.

Graf and Becker Advance but Mayotte Falls

International Herald Tribune
PARIS — The rains came at noon, giving Steffi Graf just enough time to finish off Nicole Pietrangeli of the Netherlands, 6-1, 6-2, before the tarpaulins were rolled out on the red clay courts of Roland Garros Stadium.

When play resumed at about 6 P.M., the few shivering spectators who were still on Center Court saw Ronald Agener of Haiti upset Tim Mayotte, the No. 7 seed, 3-6, 7-5, 5-7, 7-5, 6-2, in a match that was suspended at dusk Thursday at 3-3 in the fourth game.

"He played a picture-perfect

match out there today," Mayotte said of Agener, who reached the final 16 here last year before losing to Mats Wilander. "He made passing shots, lobs and serves that he wasn't making yesterday."

Boris Becker also advanced, with a 7-5, 6-1, 6-2, rain-interrupted triumph over Jeremy Bates of Britain. And Jay Berger, the American to ousted Jimmy Connors on Wednesday, got to the final 16 with a 6-4, 6-4, 6-2 victory over Jaime Yzaga of Peru. (See Scoreboard)

"I've played great tennis here," said Berger, who is headed toward a quarterfinal match with Becker.

"Today, I played exceptionally well."

Helen Kolesi of Canada, the No. 10 women's seed, expressed relief after outlasting Gretchen Magers, 6-4, 2-6, 6-3. "She played me perfectly," Kolesi said of the 25-year-old American.

Kolesi's next opponent is Ann Grossman, 18, a rookie pro on the U.S. national team who, unlike her compatriots, played the spring clay-court circuit to prepare for Paris. The payoff was her third-round victory Friday over Akiko Kijimuta of Japan, sending her into the final 16.

—NICK STOUT

Another Battle Looms in Beijing, This One Ringside

Compiled by Our Staff From Dispatches
NEW YORK — Mike Tyson's manager and a Seattle lawyer say that the Chinese government has agreed to pay \$25 million to stage a fight between the heavyweight champion and George Foreman in Beijing in November.

Among other things, the fight would be contingent on Foreman's remaining undefeated and beating Tyrell Biggs in a bout planned for August. In Phoenix, Arizona, Foreman, 40, knocked out Bert Cooper Thursday night after Cooper failed to answer the bell for the third round of the scheduled 10-round fight. Foreman is now 18-0 on his comeback tour.

"Foreman is the only opponent the Chinese are interested in," said Tyson's manager, Bill Cayton, who has given his approval for the bout.

"This will be the biggest promotion in history," said Bill Wheeler, the Seattle lawyer who is promoting the fight.

Although neither Tyson nor Foreman, a former champion, has formally agreed to the bout, Wheeler said he anticipated no serious problems. Foreman lost his heavyweight title to Muhammad Ali in Zaire in 1974.

King, meanwhile, said Tyson would put his 36-0 record on the line against "The Truth" Williams on July 21 in Atlantic City, New Jersey.

SIDELINES

Knicks Turning to Mavericks' Coach

NEW YORK (NYT) — The Dallas Mavericks have granted the New York Knicks permission to discuss with John MacLeod the basketball coaching vacancy created by Rick Pitino's departure.

Norma Sorju, the Mavericks' general manager, wouldn't say whether Dallas would seek compensation should MacLeod, who has coached the Mavericks for the last two seasons, join the Knicks.

Colombian Wins Tour of Italy Stage

TRE CIME DI LAVAREDO, Italy (AP) — Luis Herrera of Colombia on Friday triumphed in the mountainous 13th stage of the Italian cycling Tour. Erik Brekink of the Netherlands, who placed third in the stage, 1:03 minutes behind the Colombian "climber," retained the pink jersey of overall leader.

Herrera quickly piled up a one-minute advantage but was unable to gain more ground in the last five kilometers of a stage considered by experts the toughest of the 22-day marathon. (See Scoreboard)

Cowboys Might Start Aikman at QB

WASHINGTON (WF) — Jimmy Johnson, the Dallas Cowboys coach, says Troy Aikman, the team's multimillion-dollar rookie quarterback, has made so much progress that he may start in the team's season opener.

"Troy has been everything we've expected and more," Johnson said of the first pick in this year's NFL draft. "Mentally, he has a good grasp of what we're trying to do. And we already know how physically talented he is. He is right on schedule for where we want him to be. He may be ahead of schedule. I have no reservations about Troy possibly being the starter in that first game."

Aikman has a six-year, \$11 million contract.

European Council Backs Drug Rules

REYKJAVIK (AP) — Representatives of the 23 Council of Europe nations have adopted legislation calling for year-round drug testing of athletes and threatening penalties for doctors and coaches who supply banned substances to those athletes.

They also approved a document criticizing nations that have not severed all sports contacts with South Africa. The resolutions do not have any legal force, but officials hope they will guide the 23 nations in their own efforts to fight drugs and apartheid.

For the Record

Mark Van der Linden scored four goals Thursday night as Belgium beat Luxembourg in Lille, France, to strengthen its position atop Group Seven in European qualifying for soccer's 1990 World Cup. Luxembourg, 0-5, has not won an international match in more than a decade.

Jim Rice, the Boston Red Sox slugger, must undergo surgery to remove a large bone chip behind his right elbow and will be lost to the team for up to six weeks, the Boston Herald reported Friday.

Three former assistant football coaches have pleaded guilty to charges stemming from alleged steroid use within the University of South Carolina's athletic department, and two other defendants await trial later this month.

The Italian soccer union has called a first division players' strike for June 11 to protest a stalemate over transfer terms. If the strike goes ahead, it will be the first time that Italian soccer players have refused to play.

D.A. Wehring took a one-shot lead in the first round Thursday of the Kemper Open, equalling the course record with a seven-under-par 64. Wehring, who posted seven birdies, tied the mark previously recorded by Tom Kite, Greg Norman and Craig Stadler over the 6,917-yard (6,309-meter) Avenel Course in Potomac, Maryland.

(Reuters)

Quotable

Baltimore manager Frank Robinson, on the Orioles' last start: "This will only continue if the other clubs cooperate." (LAT)

BOOKS

THE GOOD TIMES

By Russell Baker. 351 pages. \$19.95.
William Morrow, 105 Madison Avenue, New York, N. Y. 10016.

Reviewed by Jonathan Yardley

THIS second volume of Russell Baker's memoirs is the story, he writes, "of the good times when a young man, shameless enough to want to make something of himself, could still go to faraway places on the gift of words, even though he was no smarter than anybody else." His modesty is becoming excessive — any reader of his column well knows that Baker is smarter than just about everybody else — but his point is well taken: "The Good Times" is about an age, not so distant yet gone forever, when a fellow could walk into a newspaper office and get a job on the strength of nothing more than an ability to turn a phrase, and eventually — through the hard lessons of experience rather than the easy ones of journalism school — could turn himself into a passable imitation of a newspaperman.

As this makes clear "The Good Times" is very much a newspaper story, so whether it will have the broad appeal of "Growing Up" — a book of genuinely universal implications — is a question I cannot hope to answer.

"Growing Up" ends on a note of romance: Baker's marriage to Mimi

Nash, a love story made all the more lovely because of Baker's wry, rueful understanding of how close he came to blowing the best chance of his life. But "Growing Up" also left uncovered much of what happened between his graduation from Johns Hopkins and his wedding; it is to that period — Baker's journalistic apprenticeship on The Baltimore Sun — that the first third of "The Good Times" is devoted, and it is largely if by no means exclusively with professional matters that the rest of the book is concerned.

"Professional" though, is scarcely the word for it. "In 1947," when Baker went to work at the Sun as a police reporter, "newspaper work was for life's losers. Men who dreamed of big money and rich wives went in for medicine, law, business or engineering."

Not only that, but "a police reporter was the lowest form of life in the Sun's universe." The police reporter hung around the police stations and phoned in stories of murders ("One of my major disappointments in journalism was the discovery that murder was almost always uninteresting") and other crimes, stories that actually were written by rewrite men on the desk "inside," a lofty station Baker did not reach for two long, frustrating years. Still, he learned a lot from observing the human comedy at its least edifying, and he also learned from reading the work of an inventive colleague: "Don't settle for writing it the way it's always been written; dare to write it differently,

and maybe you will write it better than it's been written before."

Then The New York Times came knocking, in the person of its Washington Bureau chief, James Reston. His offer was irresistible; Baker left the Sun with immense regret compounded by guilt, but the chance to join the Times and to cover the Senate for it was one he could not turn down.

In his mid-30s, Baker began to sense that "the good times were behind me, and the serious times ahead." The pursuit of success and scoops no longer seemed so important to him: "I was finally becoming a family man. I guess I was finally growing up. Or maybe just growing old." So when the Sun resurfaced with the offer of a column, Baker leapt at it, only after the Times countered that offer with the offer of the editorial-page space that Baker still occupies. The rest of the story, as millions of admiring and grateful readers know, is history, or at least a footnote to same.

Baker writes about this with charm, candor, and a modesty that is justifiably tempered by pride in certain specific accomplishments — perhaps first among these his coverage for the Sun of Queen Elizabeth II's coronation — and in a career that has been as honorable as any in 20th-century American journalism.

Jonathan Yardley is on the staff of The Washington Post.

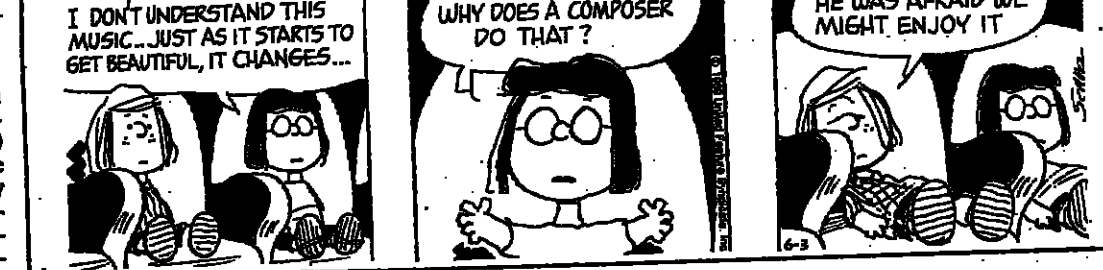
BRIDGE

By Alan Truscott

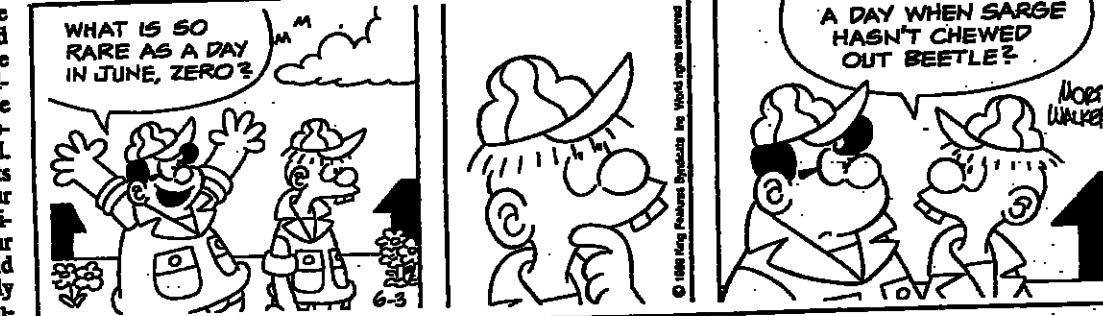
THE 27th annual U.S.A.-Federation Charity Tournament played recently in New York raised more than \$50,000 for Jewish charities. And as usual, there were some 50 experts taking part, many of them owning national and international titles, each playing in an impromptu partnership. But this time, surprisingly, none of the experts topped the standings. The winners, with a 67 percent score, were Dr. Alfred Lewis and Eve Wald. Second were Jim Hamilton and Leni May. The winners had a good score on the diagramed deal when Wald, trading on the favorable vulnerability, chose to open the North hand with a sub-minimum. Flannery two-diamond bid. This showed four spades and five hearts and permitted Lewis to bounce to four hearts, putting pressure on the opposition. He escaped for down one in four hearts doubled when the defenders did not find a spade ruff. East was certainly delinquent in passing his partner's double of four hearts. A five-club bid might have taken the partnership to the optimum six-club contract. In that slam, the declarer can test hearts first, avoiding the diamond problem when South shows up with the heart ace. The top and bottom scores occurred when North passed and East opened with three clubs. Some West players gambled with six no-trump and faced the lead of the spade king. Those who guessed well in diamonds after running clubs had a top, and those who guessed badly were down two tricks for a bottom.

NORTH (D)			
AKQ105			
QJ4			
AJ5			
EAST			
A83			
KQ2			
AQJ6			
AK2			
SOUTH			
J742			
AJ754			
Q852			
A—			
West and East were vulnerable			
North	East	South	West
20	10	10	20
Pass	Pass	Pass	Pass
West led the club ace.			

PEANUTS



BEETLE BAILEY



ANDY CAPP



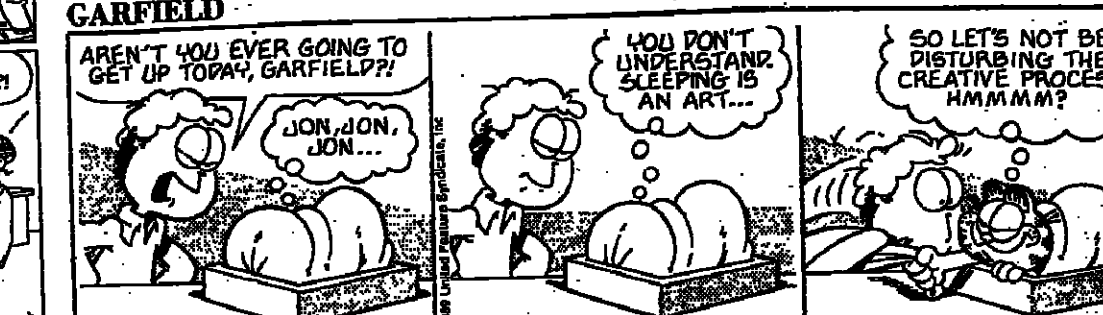
WIZARD OF ID



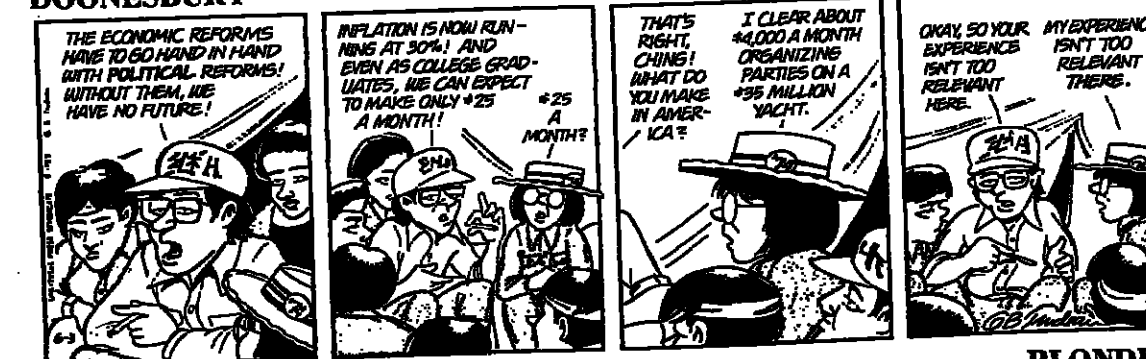
REX MORGAN



GARFIELD



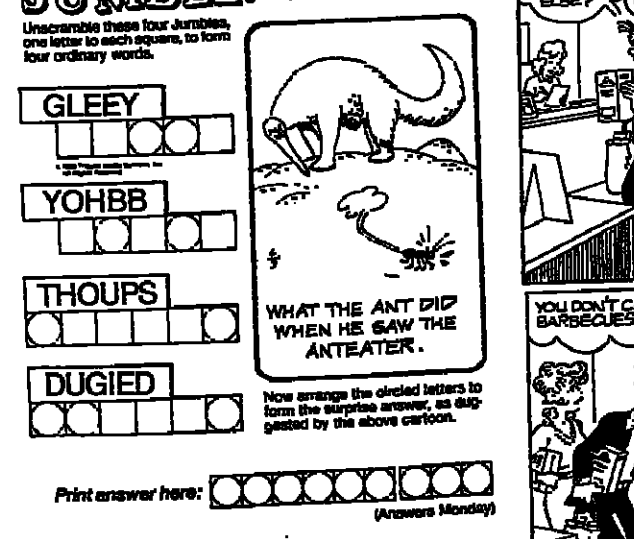
DOONESBURY



DENNIS THE MENACE



JUMBLE



BLONDIE



